

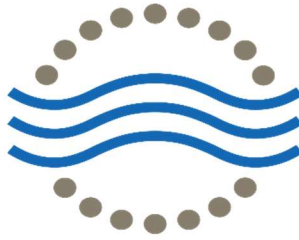


BROWNSVILLE
PUBLIC UTILITIES BOARD

Public Utilities Board
of the City of Brownsville, Texas
(A Component Unit of the City of Brownsville, Texas)

Annual Comprehensive Financial Report

Fiscal Years Ended September 30, 2024 and 2023



BROWNSVILLE
PUBLIC UTILITIES BOARD

Public Utilities Board of the City of Brownsville, Texas
(A Component Unit of the City of Brownsville, Texas)



Annual Comprehensive Financial Report
For the Fiscal Years Ended September 30, 2024 and 2023

PREPARED BY: FINANCE DIVISION

MIGUEL A PEREZ
Chief Financial Officer

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS
(A Component Unit of the City of Brownsville, Texas)

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PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS
(A Component Unit of the City of Brownsville, Texas)

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INTRODUCTORY SECTION

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- Δ *GFOA Certificate of Achievement*
- Δ *Principal Officials*
- Δ *Organizational Chart*



February 3, 2025

Members of the Board of Directors and Citizens of Brownsville, Texas
Public Utilities Board of the City of Brownsville, Texas

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Public Utilities Board of the City of Brownsville, Texas (Public Utilities Board) for the fiscal year ended September 30, 2024. As required by state law, the ACFR includes financial statements which have been audited by a firm of licensed certified public accountants. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by the licensed certified public accounting firm of Burton McCumber & Longoria, LLP.

The report consists of management's representation concerning the finances of the Public Utilities Board. As a result, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Public Utilities Board has established a comprehensive internal control framework that is designed both to protect the Public Utilities Board's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the Public Utilities Board's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Public Utilities Board's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The goal of the independent audit, conducted by Burton McCumber & Longoria, LLP, is to provide reasonable assurance that the financial statements of the Public Utilities Board for the fiscal year ended September 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Burton McCumber & Longoria, LLP concluded, based upon the audit, that there is a reasonable basis for rendering an unmodified opinion. The Public Utilities Board's financial statements for the fiscal year ended September 30, 2024 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Public Utilities Board's MD&A can be found immediately following the report of the independent auditors.

In accordance with standards established by the Governmental Accounting Standards Board's (GASB) Statement No. 61, the Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14, the Public Utilities Board meets the definition of a component unit of the City of Brownsville, Texas (City).

PROFILE

The Public Utilities Board was formed in 1960 to provide electric, water, wastewater, and gas services to its customers in the Brownsville area. Pursuant to the City's Charter, management, operation, and control of the City's combined water, wastewater, and electric utilities system is delegated to the Public Utilities Board. The Public Utilities Board is comprised of seven members, six of whom are appointed by the City Commission for four-year terms, and the seventh member being the City's Mayor serving Ex-officio.

The **Electric System** provides retail electric service through its electric facilities to consumers inside and outside the city limits. The electric system serves a growing base of about 54,122 customers and serves a peak load of 317 MW. Current resources, mainly owned by the Public Utilities Board, are sufficient to cover peak demand.

The Public Utilities Board meets its power supply obligations through a combination of resources: (i) the operation of the Silas Ray Power Production Facilities owned and operated by the Public Utilities Board (composed of one conventional steam turbine unit and a re-powered steam turbine in Combined Cycle with a combustion turbine and a GE LM6000 gas turbine generator for an estimated gas fired capability of 115 MW), (ii) the operation of the Calpine/Hidalgo combined cycle Power Plant in which the Public Utilities Board has an ownership interest entitling it to 105 MW of capacity, (iii) a Power Purchase Agreement with Constellation Energy Generation, LLC, formerly Exelon Corporation, entitling the Public Utilities Board to purchase 78 MW of renewable energy, (iv) a Power Purchase Agreement with AEP Energy Partners, Inc. entitling the Public Utilities Board to an estimated 65 MW of energy and (v) economy energy purchases through an economy power interchange arrangement.

The Public Utilities Board currently has a gas transportation agreement with Texas Gas Service ("TGS"), a division of ONE Gas, Inc., a gas supply agreement with Tenaska Marketing Ventures ("TMV") for service to its Silas Ray generation units and a gas supply agreement with Calpine Energy Services, LP for service to its Calpine/Hidalgo Plant. Fuel and transportation contracts are in place, limiting the Public Utilities Board's exposure to the volatile fuel commodity markets.

The **Water System** draws raw water from the Rio Grande River and consists of a river rock weir, a river pump station, two reservoirs providing 187 million gallons total capacity, and a raw water transport system. Surface water treatment is achieved by two water treatment plants providing 40 million gallons per day (MGD) of total capacity (20 MGD treatment capacity each). Two clear wells

provide 6.85 million gallons storage capacity, and four elevated storage tanks provide 7 million gallons of elevated storage capacity. Water is pumped by four high-service pumping stations into the distribution system which consists of 731 miles of transmission and distribution mains. The Public Utilities Board mainly sells to residential and commercial customers, but also sells treated water on a wholesale basis to three other water distribution companies that amount to approximately 5.63% of sales. The Public Utilities Board partnered with the Southmost Regional Water Authority (Authority) and built a 7.5 million gallon reverse osmosis water treatment plant of which the Public Utilities Board has 92.91% ownership. The Authority's plant completed an expansion in 2015 to provide microfiltration pretreatment and an increased total production capacity of 10 MGD. This plant includes a 7.5 million gallon storage tank.

The Public Utilities Board has an annual allocation of municipal priority water rights from the Texas Commission on Environmental Quality (TCEQ) in the amount of 31,965.63 acre-feet of water, which is dependent upon inflow to the Falcon and Amistad Reservoirs. In addition, the Public Utilities Board holds Permit No. 1838 entitling it the right to 40,000 acre-feet of surplus water.

The Public Utilities Board is subject to regulation of water quality by the TCEQ. The Public Utilities Board presently has a "Superior" water system as determined in accordance with current TCEQ regulations. The Public Utilities Board's water utility service area is subject to the certification jurisdiction of the TCEQ. The Public Utilities Board has been certified singly to provide water service within the boundaries of the City. A large portion of the area, three and one-half miles surrounding the boundaries (the "extraterritorial jurisdiction") of the City, is dually certified. There is a small water utility system (El Jardin Water Supply Corporation) whose customers are situated adjacent to or within the System. All of its treated water is supplied by the Public Utilities Board's water system.

The **Wastewater System**, consisting of collection and treatment facilities, includes gravity wastewater collection lines, 177 pumping/lift stations and two treatment plants. Wastewater is transported by lift stations and associated force mains to one of two wastewater treatment plants – the Robindale Plant or the South Plant. The Robindale Plant was designed to treat 5 MGD in 1980 and expanded to a capacity of 10 MGD in 1995. The Robindale renovation and expansion project completed in June 24, 2014 increased the treatment capacity to 14.5 MGD. The Robindale Plant provides secondary waste treatment utilizing a Modified Ludzack-Ettinger (MLE) process (anoxic and aerobic with an internal nitrate cycle) of activated sludge, turbo blowers (with magnetic bearings) with auto dissolved oxygen control, secondary settling, ultra-violet light system (for disinfection), effluent cascade aeration system, sludge thickening, aerobic digestion, mechanical sludge dewatering (via 2-meter belt filter press), a SCADA (Supervisory Control and Data Acquisition) system, and land disposal of sludge (City of Brownsville Solid Waste Landfill). The South Plant was originally designed as a trickling filter plant with a treatment capacity of 5 MGD. In 1971, it was expanded to a capacity of 7.8 MGD and was further modified in 1978 to include complete-mix. In 2000, the plant was expanded to 12.8 MGD. The treatment process was changed to complete mix activated sludge and the anaerobic digesters were converted to use the aerobic process. Sludge is thickened, dewatered by a belt filter press, and disposed of at the City of Brownsville Solid Waste Landfill.

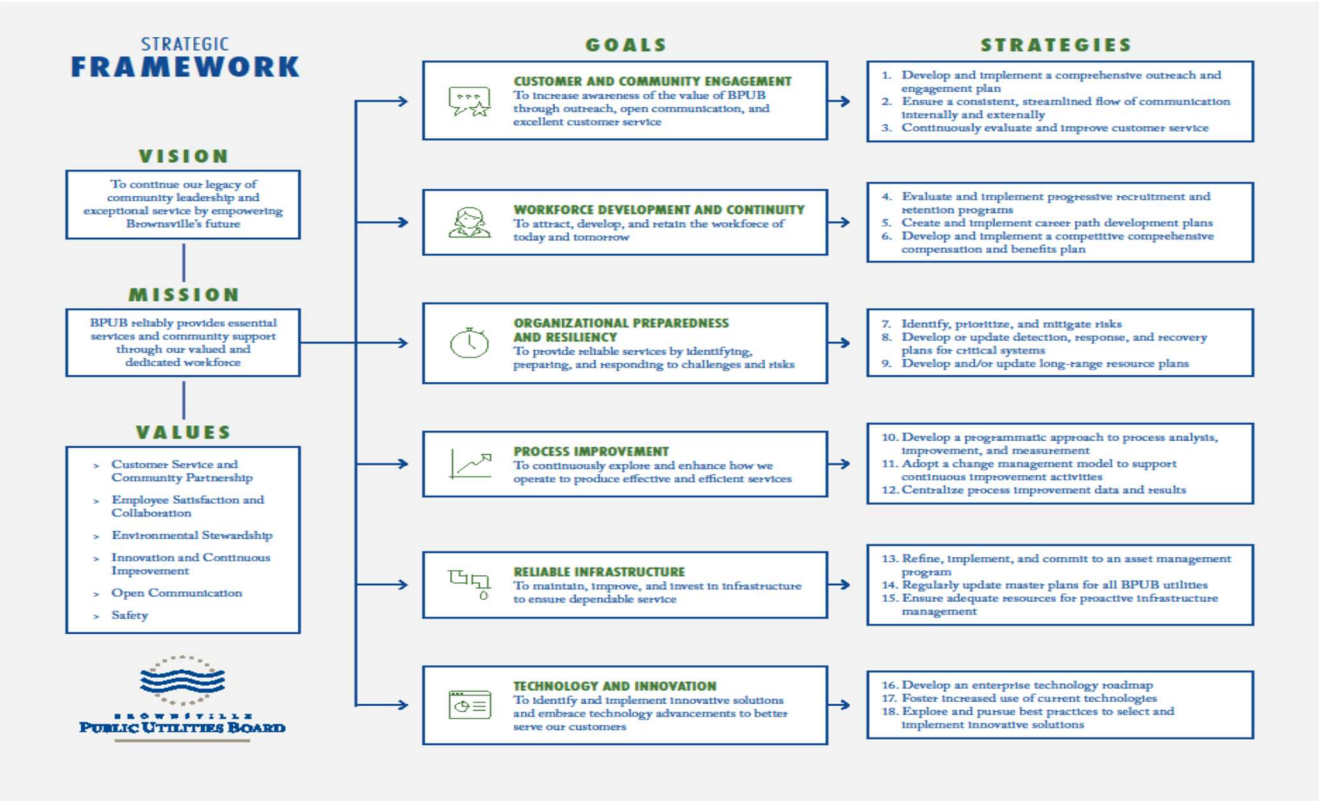
The wastewater system is subject to regulation by the EPA and the TCEQ with regards to operations of the facilities and the water quality of the wastewater plants' effluent.

The Public Utilities Board has the authority to provide wastewater service both inside and outside the city limits. The Brownsville Navigation District owns and operates its own wastewater treatment facilities. There is no competition between the Public Utilities Board’s wastewater system and the Brownsville Navigation District since the Brownsville Navigation District operates in defined areas in which the Public Utilities Board’s wastewater system has no wastewater lines.

STRATEGIC PLAN

Brownsville PUB is currently operating under its 2019-2024 Strategic Plan. A Strategic Plan Refresh was underway in 2024 as the new Executive Team arrived at the utility. As part of the utility's realignment, the Executive Team moved the Strategic Planning function from Human Resources to the Operations business unit, which became effective in late 2024. As a result, the Executive Team decided to forgo the Strategic Plan Refresh and undertake a thorough and deliberate strategic planning process to develop the 2025-2030 Strategic Plan.

Brownsville PUB intends to develop a strategy during FY 2025 that ensures affordable utility services for the community, provides direction, aligns resources, measures performance, adapts to changes, communicates priorities, and guides decision-making to achieve long-term goals. The objective of the 2025-2030 Strategic Plan will be to ensure everyone is working towards common objectives efficiently and effectively in a transparent and deliberate manner.



ECONOMIC CONDITIONS AND OUTLOOK

The City is the county seat of Cameron County. It is the southernmost city in Texas and the largest city in the Lower Rio Grande Valley. In Texas, Brownsville is second only to San Antonio in historical significance. Its location is attractive since it is the closest to the major tourism and business travel attractions of the area: South Padre Island, Mexico, and the Gladys Porter Zoo, rated as one of the ten best zoos in the United States. Brownsville is also one of the top five cities in Texas as a destination location.

The City is located about 25 miles inland from the Gulf of Mexico on the north bank of the Rio Grande River directly across from Matamoros, Mexico, which it joins by three international bridges. The City serves as a trade center for much of the Lower Rio Grande Valley.

Based on U.S. Census Bureau historical data, Brownsville's estimated population for 2024 was 190,158. The demographics of Brownsville's population can be summed up as young and fast growing. The median age is 33.3 years versus a national average of 39.2 years. About 29.1% of all persons in the City are younger than 18 years of age.

REPORTING ENTITY

A basis for preparing the ACFR for the Public Utilities Board was the identification of the reporting entity. A component unit was considered to be part of the Public Utilities Board's reporting entity when it was concluded that the Public Utilities Board was financially accountable for the entity or the nature and significance of the relationship between the Public Utilities Board and the entity was such that exclusion would cause the Public Utilities Board's financial statements to be misleading or incomplete.

The reporting entity of the Public Utilities Board consists of the primary government and a blended component unit, Southmost Regional Water Authority. The Authority is a conservation and reclamation district created pursuant to Article XVI, Section 59, of the Texas Constitution and the Act of June 12, 1981, 67th Leg., Ch. 511, 1981 Tex. Gen. Laws 2196. The Authority provides treated water to various areas of Cameron County.

MAJOR INITIATIVES

New Ocelot Distribution Substation

This project was identified to add capacity and improve the reliability of BPUB's electric system in the northwest Brownsville area. This is a multi-year project that includes professional engineering services, major equipment procurement, and construction. The first year is mainly for the design and procurement of the long lead-time items. As such, the majority of the funds will be used in the first two fiscal years to pay for engineering services, the purchase of major equipment/materials, and site work. The estimated site work construction is scheduled for the third quarter of fiscal year 2025, and all major construction is tentatively scheduled for the first quarter of fiscal year 2026.

Loma Alta Substation Temporary Solution, Rebuild, and Interconnection with Sharyland Stillman Station

The electric infrastructure within the Loma Alta substation including 138kV and 69kV equipment

was not replaced during the 2006-2007 69kV-138kV Public Utilities Board's Conversion Project, and is deteriorating and is near its end of life. Maintenance of this substation is challenging due to the difficulty in acquiring parts for obsolete equipment and thus, reliability is affected. Phase 1 of the Loma Alta substation is to install a temporary solution to continue electrical service to existing customers. The engineering work for this phase has been completed and construction is tentatively scheduled for the second quarter of fiscal year 2025. Phase 2, is to construct a new 138kV switching/substation next to the existing one with new equipment and materials. Phase 2 is tentatively scheduled for fiscal year 2027. Phase 2 will begin in the second quarter of 2025, with engineering substation design and procurement of equipment. Finally, Phase 3 is to demolish the old Loma Alta Substation and build a 50 MVAR dynamic SVC for system VAR support scheduled for fiscal year 2028. The 138kV transmission lines between the Public Utilities Board's Price Road substation will be rerouted to interconnect with the Stillman Station. These additional interconnections are tentatively scheduled to be completed in fiscal year 2026.

Airport Substation Upgrade

A portion of the existing Airport Substation is currently operating with 69kV equipment that was not replaced during the 2006-2007 69kV-138kV Public Utilities Board's Conversion Project. Maintenance of this substation is challenging due to the difficulty in acquiring parts for obsolete equipment and thus, reliability is affected. The consultant, ESC Engineering, finalized the specifications, design, and procurement packages for this project. This upgrade will improve the reliability and maintenance of the station. The tentative construction schedule is the third quarter of FY 2025.

Water Port and Palo Alto Substation Upgrades

The Brownsville Public Utilities Board is working with an engineering firm to increase the power capacity for the Water Port and Palo Alto Substations. The engineering firm, Ampirical Solutions, LLC has completed the specifications, design, and procurement packages for the major equipment associated with this project. A portion of the construction is on track to begin the fourth quarter of FY 2025.

New Two Million Gallon Elevated Storage Tank to Replace the Southmost and University of Texas Rio Grande Valley (UTRGV) Elevated Storage Tanks

The existing one-million gallon elevated storage tanks on Southmost Road and at UTRGV, constructed in 1969, are in poor structural condition and beyond their useful life. The Southmost tank was demolished during fiscal year 2018, and the UTRGV tank will be demolished after the completion of the new storage tank. The Public Utilities Board constructed a new two-million-gallon composite elevated storage tank to replace the two tanks and maintain adequate water system capacity, as well as pressure in the water distribution system. The contractor for this project is Landmark Structures, Inc. with a contract amount of \$5,782,000. The construction was substantially completed during January 2024.

Resaca Restoration Project

Resacas are former distributaries of the Rio Grande River. They now serve as urban waterways throughout the City of Brownsville. The central focus of the Resaca Restoration Project involves the removal of accumulated bottom sediments through dredging, which will increase both the depths and storage capacity of the resacas. It is anticipated that the depths of most resacas will be restored from less than two (2) feet in some areas up to eight (8) feet in others. Plans for dredging the resacas have

been designed to improve water quality, promote erosion control and bank stabilization, while also improving habitat conditions for fish and other aquatic wildlife. During rainy seasons or hurricanes, the dredged resacas will provide better flood control, which is managed by the City of Brownsville, by storing flood waters that otherwise could inundate adjacent developments.

The project scope was implemented in phases. Phase I included dredging several segments of the Town Resaca system. These segments included the City Cemetery resaca, Dean Porter Park resaca, the Gladys Porter Zoo resaca, and the Resaca Boulevard resaca. Phase I work began on March 2013 and was completed on September 2016. The Public Utilities Board contributed \$14.35 million in equipment and other costs and O&M funding for staff, engineering and other services for the dredging of the Phase I resacas. Phase II site dredging began on September 2017 and was completed in November 2024. Please note that a portion of Phase II sites were funded through the RESTORE program. The Public Utilities Board has contributed a total of \$21.35 million to the restoration effort through September 2024.

U.S. Army Corps of Engineers Brownsville Resacas Project

In August 2015, the Public Utilities Board partnered with the U.S. Army Corps of Engineers on a City-wide ecosystem restoration feasibility study of the three resaca systems within the City of Brownsville. The feasibility study was completed in 2018. The feasibility study and environmental assessment project cost estimate was updated in December 2022. The recent study findings are recommending resaca improvements totaling \$311,192,323 over an approximate 32-year period at a 65/35 (federal/non-federal) cost share. In 2024 the project was allocated \$2,017,000 in Community Project Funds and received a New Start designation.

Town Resaca Watershed Project (RESTORE)

In 2020, the Public Utilities Board received \$4,680,939 in grant funding from the Texas Commission on Environmental Quality for Phase I of restoration/dredging of the Town Resaca system. In 2024, the project received an additional \$1,907,335 for the project. The project removed 57,136 cubic yards of sediment that had accumulated within the resaca creating increased storage capacity for stormwater runoff and improved water depths to sustain native fish populations and support opportunities for fishing, canoeing and kayaking. The project will also include the installation of 10 stormwater interceptors, replace two deteriorating weir structures and a failed gate valve that are utilized to control water levels within the Town Resaca system. Bank improvements aimed at minimizing erosion, maximizing stormwater infiltration, and restoring habitat by incorporating more natural, gentle slopes (where possible) and native vegetation will also be incorporated.

This project was spread out into four (4) phases, with each phase estimated to be completed within two (2) years. The estimated total project cost for all phases is \$41,704,998, of which the Public Utilities Board is estimated to contribute \$5,353,690. As each phase is completed, the Public Utilities Board will need to reapply for grant funding for the subsequent phases. Phase I of the project is estimated to be completed December 2025.

American Recovery Program Act Downtown Water and Wastewater Improvement Project

On June 13, 2022, the Public Utilities Board entered into an interlocal agreement with the City of Brownsville to implement a water and wastewater improvement project in downtown Brownsville funded through the 2021 American Recovery Program Act (ARPA). The project encompasses the rehabilitation and upgrades to both water and wastewater infrastructure within a predetermined section of downtown Brownsville. The interlocal agreement entitles the Public Utilities Board to \$14,500,000 in ARPA funding to help fund the project. The agreement also stipulates when the Public

Utilities Board can request a percentage of the overall total once certain milestones are completed as part of the project. The Public Utilities Board has been receiving ARPA funds as a sub-grantee of the City of Brownsville and will continue to do so through the duration of project. As of September 30, 2024, the Public Utilities Board has received a total of \$5,075,000 to fund the project. Project completion is scheduled for December 31, 2025.

LONG-TERM FINANCIAL PLANNING

The Public Utilities Board's current electric, water, and wastewater capital improvement plan identifies projects for a five-year period ending September 30, 2029. The electric capital improvement plan identifies approximately \$101.1 million in generation, transmission, distribution, general and facilities projects of which \$29.0 million are projected to be debt financed. The water capital improvement plan identifies approximately \$72.8 million in projects, of which approximately 22.2% are projected to be debt financed while the wastewater capital improvement plan identifies approximately \$59.1 million in projects, of which approximately 27.1% are projected to be debt financed.

CASH MANAGEMENT POLICIES AND PRACTICES

As required by the provisions of Chapter 2256 of the Texas Government Code, the Public Utilities Board updates its Investment Policy annually. A primary objective of the Public Utilities Board's Cash and Investment Program is the safety and preservation of the principal. The Investment Policy authorizes the Public Utilities Board to invest in treasury notes, agencies and instrumentalities, and other investments guaranteed by the U.S. Treasury or the State of Texas, or investments rated by a national rating company at "A" or better. The Investment Policy also authorizes investments in local government investment pools and in certificates of deposit issued by banks across the United States that are FDIC insured. Investments are made only with certified brokers/dealers as required by the Investment Policy.

During fiscal year 2024, the Public Utilities Board's cash portfolio earned an average yield of 5.25%. The Public Utilities Board's cash deposits at September 30, 2024, were entirely covered by the Federal Deposit Insurance Corporation or were secured by collateral held by the Bank of New York Mellon in the Public Utilities Board's name, pursuant to the Public Utilities Board's Investment Policy and its Depository Agreement.

AWARDS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Public Utilities Board for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The Public Utilities Board first received this award in 2006. This was the eighteenth consecutive year that the Public Utilities Board has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated services of the entire staff of the Public Utilities Board's Finance Division. Each member of this division has our sincere appreciation for the contributions made in the preparation of this report.

We would also like to acknowledge the support of the Board for its continuing interest in the development of a strong financial system to serve the customers of the Public Utilities Board.

Respectfully submitted,

Miguel A. Perez

Miguel A. Perez
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Public Utilities Board of the City of Brownsville
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

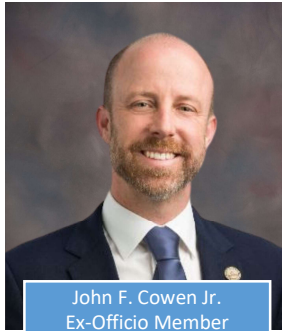
September 30, 2023

Christopher P. Morrell

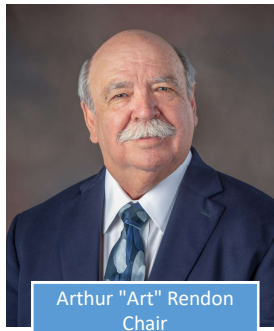
Executive Director/CEO

PRINCIPAL OFFICIALS

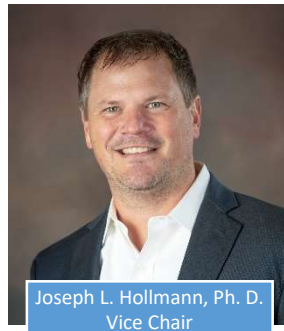
~ Board Members ~



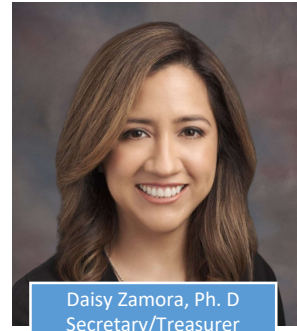
John F. Cowen Jr.
Ex-Officio Member



Arthur "Art" Rendon
Chair



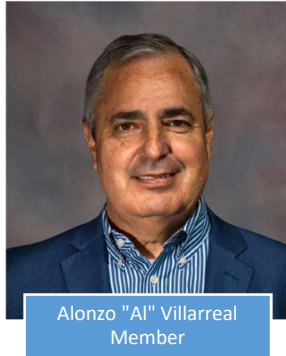
Joseph L. Hollmann, Ph. D.
Vice Chair



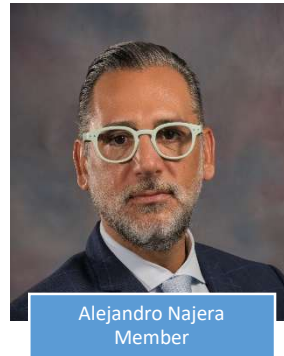
Daisy Zamora, Ph. D.
Secretary/Treasurer



Gerardo Martinez
Member



Alonzo "Al" Villarreal
Member



Alejandro Najera
Member

~ Board Administration ~



Marilyn Gilbert
General Manager &
Chief Executive Officer



Mark Dombroski
Assistant GM &
Chief Operating Officer



Miguel A. Perez
Chief Financial Officer



Constanza Miner
Chief Administrative
Officer



Paul Gonzalez
General Counsel &
Chief Legal Officer

~ Consultants and Advisors ~

Greenberg Traurig, LLP
Burton McCumber & Longoria, LLP
Spencer Fane, LLP
Jones, Galligan, Key & Lozano, LLP
TRB Capital Markets, LLC (d/b/a Estrada Hinojosa)

Bond Counsel
Independent Auditor
Special Utility Counsel
Local Counsel
Financial Advisor

Houston, Texas
Brownsville, Texas
Austin Texas
Brownsville, Texas
Dallas, Texas

BPUB Management Organizational Chart
October 1, 2024

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graph TD
    Board[Board of Directors] --- GM[Marlyn D. Gilbert  
General Manager & Chief Executive Officer  
FTE 3]
    GM --- Audit[Audit Committee]
    GM --- Strategic[Strategic Planning  
(Luis Jimenez, Ops Analyst)  
FTE 1]
    GM --- Mark[Mark Dombrowski  
Assistant General Manager & Chief Operating Officer  
FTE 3]
    GM --- Lina[Lina Alvarez  
Energy Risk Mgr  
FTE 1]
    Mark --- Cesar[Cesar Cortinas, PE  
Director of Electric Transmission & Distribution Division  
FTE 2]
    Mark --- Rene[Rene Mariscal  
Division Manager  
FTE 26]
    Mark --- Marie[Marie Leal, PE  
Director of Special Projects & WWWW Eng, Design & Construction  
FTE 4]
    Mark --- Vacant1[Vacant  
Director of Power Supply & Market Operations  
FTE 1]
    Mark --- Alberto[Alberto Gomez Jr., PE  
Director of Environmental Services  
FTE 4]
    Mark --- Estrella[Estrella Solorzano  
Director of Comm. & Support Services  
FTE 2]
    Mark --- Constanza[Constanza Miner  
Chief Administrative Officer  
FTE 1]
    Mark --- Paul[Paul Gonzalez  
General Counsel & Chief Legal Officer  
FTE 4]
    Cesar --- Jaime[Jaime Estrada  
Director of WWWW Operations  
FTE 2]
    Cesar --- Armando[Armando Garcia  
Division Manager WWWW Distribution and Maintenance  
FTE 1]
    Cesar --- JoseG[Jose G. Garza  
WWW Ops & Maintenance Manager  
FTE 32]
    Cesar --- Francisco[Francisco Valdez  
WWW Eng, Design & Construction Manager  
FTE 43]
    Cesar --- Hector[Hector Herrera  
WWW Plant Maint & WW Lift Stations Manager  
FTE 37]
    Cesar --- Kevin[Kevin Gomez  
Cross Conn. Control Manager  
FTE 6]
    Rene --- Ricardo[Ricardo Pineda  
WWW Proj Dev Manager  
FTE 9]
    Rene --- David[David Ramirez, PE  
WWW Reliability Manager  
FTE 4]
    Marie --- Vacant2[Vacant  
Division Manager WWWW Engineering  
FTE 9]
    Marie --- Javier[Javier Martinez, PE  
Electrical System Planning Manager  
FTE 5]
    Marie --- Robert[Robert Avila  
Energy System Operations Manager  
FTE 16]
    Marie --- Luis[Luis Martinez, PE  
Electrical Engineering Manager  
FTE 13]
    Alberto --- Juan[Juan Carrasosa  
Pretreatment Manager  
FTE 8]
    Alberto --- Ramiro[Ramiro Capitran Jr.  
Environmental Manager  
FTE 6]
    Alberto --- Gabriel[Gabriel Coronado  
Laboratory Manager  
FTE 16]
    Estrella --- Emilia[Emilia Guerra  
Director of Human Resources  
FTE 1]
    Estrella --- George[George Rangel  
Division Manager  
FTE 1]
    Estrella --- Eddie[Eddie Campirano  
Customer Service Manager  
FTE 34]
    Estrella --- Evelyn[Evelyn Garcia  
Billing Manager  
FTE 14]
    Estrella --- LuisR[Luis Russel  
Acting Risk Manager  
FTE 2]
    Estrella --- Eduardo[Eduardo Martinez  
Safety & Security Manager  
FTE 6]
    Constanza --- Alexia[Alexia Perez  
Division Manager for Admin  
FTE 1]
    Constanza --- Nancy[Nancy Arriaga  
Records, Info & Facilities  
FTE 8]
    Constanza --- Ryan[Ryan Greenfield  
Comm. & PR Manager  
FTE 3]
    Constanza --- Jesso[Jesso Alfaro  
Real Estate Manager  
FTE 2]
    Constanza --- Miguel[Miguel Collins  
Digital Info Platforms Tec Manager  
FTE 3]
    Constanza --- Danny[Danny Marez  
Bus. Dev. & Key Accounts Manager  
FTE 5]
    Constanza --- Jeffrey[Jeffrey Stagle  
Facilities Manager  
FTE 10]
    Paul --- Melisa[Melisa Pineda  
Director of Internal Audit  
FTE 3]
    Paul --- Sergio[Sergio Martinez  
Division Manager  
FTE 1]
    Paul --- JoseL[Jose Luis Lopez Jr.  
IT Hardware Support Manager  
FTE 11]
    Paul --- Araceli[Araceli Zuniga  
IT Sys/Software Support Manager  
FTE 5]
    Paul --- Vacant3[Vacant  
IT Syst Plan/Project Coord Manager  
FTE 1]
    Paul --- Norma[Norma A. Gomez  
CIS Support Manager  
FTE 4]
    Paul --- JaimeA[Jaime A. Aguilar  
Division Manager for Admin  
FTE 1]
    Paul --- Arnold[Arnold Villarreal  
Mkt Services Manager  
FTE 22]
    Paul --- Mirian[Mirian Camacho  
Treasury & Acct Manager  
FTE 7]
    Paul --- Ruben[Ruben Cano  
GIS Manager  
FTE 7]
    Paul --- Elias[Elias Quintero  
SCADA & Elec Services Manager  
FTE 11]
    Paul --- Pedro[Pedro Elizondo / Rida Ayers  
Controller  
FTE 2]
    Paul --- JoseC[Jose Cuellar  
Fleet Services Manager  
FTE 10]
    Paul --- Monica[Monica G. Cavazos  
Director of Finance  
FTE 4]
  
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FINANCIAL SECTION

- Δ *Independent Auditors' Report*
- Δ *Management's Discussion and Analysis (Unaudited)*
- Δ *Financial Statements*
- Δ *Notes to the Financial Statements*
- Δ *Required Supplementary Information (Unaudited)*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Public Utilities Board of the City of Brownsville
Brownsville, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Public Utilities of Board of the City of Brownsville, a component unit of the City of Brownsville, Texas as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Public Utilities of Board of the City of Brownsville's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Public Utilities of Board of the City of Brownsville as of September 30, 2024, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Public Utilities of Board of the City of Brownsville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Public Utilities of Board of the City of Brownsville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Utilities of Board of the City of Brownsville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Public Utilities of Board of the City of Brownsville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information as listed in the table of contents to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2025, on our consideration of the Public Utilities of Board of the City of Brownsville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Public Utilities of Board of the City of Brownsville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Public Utilities of Board of the City of Brownsville's internal control over financial reporting and compliance.

Burton, McCumber, & Longoria LLP

Brownsville, Texas
February 3, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the Public Utilities Board of the City of Brownsville, Texas' (Public Utilities Board) annual financial report presents management's analysis of its financial performance during the fiscal years that ended on September 30, 2024 and 2023. Please read it in conjunction with the financial statements that follow this section.

Overview of Annual Financial Report

The financial statements report information about the Public Utilities Board using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include the statements of net position, the statements of revenues, expenses, and changes in net position, the statements of cash flows, and the notes to the financial statements.

The Statements of Net Position present the financial position of the Public Utilities Board on a full accrual, historical cost basis. The Statements of Net Position present information on all of the Public Utilities Board's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the Public Utilities Board is improving or deteriorating.

While the Statements of Net Position provide information about the nature and amount of resources and obligations at year-end, the Statements of Revenues, Expenses, and Changes in Net Position present the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Public Utilities Board's recovery of its costs.

The Statements of Cash Flows present changes in cash and cash equivalents, resulting from operating, non-capital financing, and capital and related financing, and investing activities. These statements present cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Public Utilities Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events.

Financial Analysis

The following condensed financial information and other selected information serve as the key financial data and indicators for management monitoring and planning.

Financial Condition

One of the most important questions asked about the Public Utilities Board's finances is, "Is the Public Utilities Board, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Public Utilities Board's activities in a way that will help answer this question. These two statements report the net position of the Public Utilities Board and changes in them. Increases or decreases in net position over time is a useful indicator of whether the Public Utilities Board's financial health is improving or deteriorating.

The Public Utilities Board's assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$499.7 million at the close of fiscal year 2024. Total net position increased by \$24.3 million or 5.1% compared to the previous fiscal year. Much of the increased growth in net position compared to previous fiscal year growth is attributed to a increases in the restricted net position and the investment in capital assets, while the unrestricted net position decreased from prior year. The total net position is a good indicator of the Public Utilities Board's overall financial health.

Net position in investment in capital assets totaled \$307.0 million and \$294.8 million for fiscal years 2024 and 2023 respectively. The restricted net position of \$185.9 million and \$150.6 million for fiscal years 2024 and 2023, respectively, is subject to external restrictions on how it may be used. The remaining balances of unrestricted net position, totaling \$6.8 million and \$30.0 million for fiscal years 2024 and 2023 respectively, may be used to meet the Public Utilities Board's ongoing obligations. The Public Utilities Board's changes in net position are further analyzed in Table A-1 and Table A-2.

Net Position

A condensed summary of the Public Utilities Board's Statements of Net Position is presented in Table A-1.

TABLE A-1
CONDENSED STATEMENTS OF NET POSITION
September 30, 2024, 2023 and 2022
(In millions of dollars)

				Change		Change	
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
Current assets	\$ 115.2	\$ 127.5	\$ 132.9	\$ (12.3)	-9.6%	\$ (5.4)	-4.1%
Non-current assets	168.2	131.0	136.5	37.2	28.4%	(5.5)	-4.0%
Capital assets	621.1	611.1	607.5	10.0	1.6%	3.6	0.6%
Total assets	904.5	869.6	876.9	34.9	4.0%	(7.3)	-0.8%
Deferred outflows of resources	34.5	40.9	26.5	(6.4)	-15.6%	14.4	54.3%
Total assets plus deferred outflows of resources	939.0	910.5	903.4	28.5	3.1%	7.1	0.8%
Current liabilities	92.1	75.9	60.1	16.2	21.3%	15.8	26.3%
Long-term liabilities	316.9	346.1	353.4	(29.2)	-8.4%	(7.3)	-2.1%
Total liabilities	409.0	422.0	413.5	(13.0)	-3.1%	8.5	2.1%
Deferred inflows of resources	30.3	13.1	24.3	17.2	131.3%	(11.2)	-46.1%
Total liabilities plus deferred inflows of resources	439.3	435.1	437.8	4.2	1.0%	(2.7)	-0.6%
Net position:							
Investment in capital assets	307.0	294.8	282.3	12.2	4.1%	12.5	4.4%
Restricted	185.9	150.6	155.1	35.3	23.4%	(4.5)	-2.9%
Unrestricted	6.8	30.0	28.2	(23.2)	-77.3%	1.8	6.4%
Total net position	\$ 499.7	\$ 475.4	\$ 465.6	24.3	5.1%	\$ 9.8	2.1%

The Public Utilities Board's net position as of September 30, 2024, increased by \$24.3 million from fiscal year 2023. Total assets plus deferred outflows of resources rose \$28.5 million from prior year. Total assets increased \$34.9 million from prior year due in part to increases in current and long-term cash and cash equivalent balances. Capital assets net of depreciation also increased from prior year. Total deferred outflows of resources decreased \$6.4 million. Deferred outflows related to pension and OPEB combined decreased \$4.2 million.

Current liabilities increased \$16.2 million from fiscal year 2023. The issuance of \$18 million in commercial paper notes is the primary cause of this increase. The Public Utilities Board received more grant funding in advance. At year end, \$3.85 million related to grant monies remained in unearned revenues. Long-term liabilities decreased \$29.2 million from prior year. Long-term bond payables (net) is the primary driver of this decline due to a decrease of \$23.0 million. Pension liability for the Public Utilities Board decreased \$6.4 million from fiscal year 2023. In fiscal year 2024, the Public Utilities Board over-recovered fuel costs in the amount of \$16.8 as compared to the under-collection of fuel costs of \$19.5 in fiscal year 2023. Overall, the total liabilities plus deferred inflows of resources increased \$4.2 million.

Net position for fiscal year 2023 increased by \$9.8 million from fiscal year 2022. Total assets plus deferred outflows of resources rose \$7.1 million from prior year. Total assets decreased \$7.3 million from prior year due in part to decreases in cash and receivables. The fuel cost under-recovery increased \$6.8 million from prior year. Deferred outflows related to pension increased \$16.4 million from prior year primarily due to changes in expected and actual experience on pension assets and changes in projected and actual earnings.

Current liabilities increased \$15.8 million from fiscal year 2022. The issuance of \$12 million in commercial paper notes contributed to this increase. Also, the Public Utilities Board received \$2.2 million from the City of Brownsville for American Rescue Plan Act projects. At year end, \$1.3 million remained in unearned revenues. Long-term liabilities decreased \$7.3 million from prior year. The OPEB liability for healthcare decreased \$14.8 million due to the creation of an irrevocable trust in fiscal year 2023 and contribution of \$13.3 million from the Public Utilities Board to create a net OPEB asset. Long-term bond payables (net) also decreased \$22.5 million. Pension liability for the Public Utilities Board increased \$30.9 million from fiscal year 2022, while deferred inflows related to pension and OPEB decreased \$11.2 million. Overall, the total liabilities plus deferred inflows of resources decreased \$2.7 million.

The following is a condensed, tabular summarization of the Statement of Revenues, Expenses, and Changes in Net Position.

TABLE A-2
CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For Fiscal Years Ended September 30, 2024, 2023 and 2022

(In millions of dollars)

	2024	2023	2022	Change		Change	
				2024 vs. 2023		2023 vs. 2022	
Operating revenues:							
Operating revenues - sales (net)	\$ 230.6	\$ 272.2	\$ 268.0	\$ (41.6)	-15.3%	\$ 4.2	1.6%
Total operating revenues	230.6	272.2	268.0	(41.6)	-15.3%	4.2	1.6%
Non-operating revenues:							
Investment and interest income	14.8	9.6	1.6	5.2	54.2%	8.0	500.0%
Non-operating revenue	2.0	3.2	2.0	(1.2)	-37.5%	1.2	60.0%
Total non-operating revenues	16.8	12.8	3.6	4.0	31.3%	9.2	255.6%
Total revenues	247.4	285.0	271.6	(37.6)	-13.2%	13.4	4.9%
Operating expenses:							
Purchased power and fuel	79.3	104.6	109.4	(25.3)	-24.2%	(4.8)	-4.4%
Personnel services	57.0	50.7	38.1	6.3	12.4%	12.6	33.1%
Materials and supplies	10.3	10.5	9.1	(0.2)	-1.9%	1.4	15.4%
Repairs and maintenance	3.5	5.2	4.9	(1.7)	-32.7%	0.3	6.1%
Contractual and other services	26.2	24.3	24.5	1.9	7.8%	(0.2)	-0.8%
Depreciation expense	30.1	29.2	29.4	0.9	3.1%	(0.2)	-0.7%
Total operating expenses	206.4	224.5	215.4	(18.1)	-8.1%	9.1	4.2%
Non-operating expenses:							
Interest expense	11.7	12.0	11.1	(0.3)	-2.5%	0.9	8.1%
Loss on disposition of capital assets	0.6	0.9	0.6	(0.3)	-33.3%	0.3	50.0%
Tenaska Equity Fund rebate expense	-	31.3	-	(31.3)	100.0%	31.3	0.0%
Payments to the City of Brownsville	11.4	12.1	12.5	(0.7)	-5.8%	(0.4)	-3.2%
Total non-operating expenses	23.7	56.3	29.4	(32.6)	-57.8%	26.9	91.5%
Total expenses	230.1	280.8	244.8	(50.7)	-18.1%	36.0	14.7%
Changes in net position before capital contributions	17.3	4.2	26.8	13.1	311.9%	(22.6)	-84.3%
Capital contributions	7.0	5.6	8.1	1.4	25.0%	(2.5)	-30.9%
Change in net position	24.3	9.8	34.9	14.5	148.0%	(25.1)	-71.9%
Beginning net position	475.4	465.6	430.7	9.8	2.1%	34.9	8.1%
Ending net position	\$ 499.7	\$ 475.4	\$ 465.6	\$ 24.3	5.1%	\$ 9.8	2.1%

While the Statements of Net Position show the yearly change in financial position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. For fiscal year 2024, the Public Utilities Board experienced a decrease in total operating revenues of \$41.6 million from fiscal year 2023. This can be attributed to some degree in electric rates that were rolled back in fiscal year 2023. The Public Utilities Board also increased the rate stabilization amount from \$1.5 million in fiscal year 2023 to \$9.5 million in fiscal year 2024. Both the rate decreases and the increase in the rate stabilization contributed to the decrease in operating revenues. Investment earnings increased by \$5.2 million from fiscal year 2023 due to higher interest rates and better investment opportunities. Capital contributions increased slightly by \$1.4 million from the prior year.

Operating expenses decreased \$18.1 million from fiscal year 2023. Most of the decrease is due to purchased power and fuel expenses from prior year by \$25.3 million. Personnel services experienced a \$6.3 million increase from fiscal year 2023. All other operating expense categories experienced negligible changes from prior year. Other non-operating expenses decreased slightly from prior year. Payments made to the City of Brownsville also decreased slightly in fiscal year 2024 from fiscal year 2023.

For fiscal year 2023, the Public Utilities Board experienced a slight increase in total operating revenue of \$4.2 million from fiscal year 2022. During fiscal year 2023, electric rates were partially rolled back, while both water and wastewater utility rates were increased. The Public Utilities Board decreased the rate stabilization amount from \$15.4 million in fiscal year 2022 to only \$1.5 million in fiscal year 2023. Both the rate increases and decrease in the rate stabilization contributed to the \$4.2 million overall increase in operating revenues. Investment earnings increased by \$8.0 million from fiscal year 2022 due to rising interest rates and better investment opportunities. Capital contributions decreased slightly by \$2.5 million from the prior year.

Operating expenses increased \$9.1 million from fiscal year 2022. Most of the increase is due to an increase in personnel services of \$12.6 million. Purchased power and fuel expenses decreased slightly from prior year by \$4.8 million. All other operating expense categories experienced negligible changes from prior year. In May 2023, the Public Utilities Board issued a rebate to customers from the Tenaska Equity Fund that was approved by the City Commission of the City of Brownsville, Texas. Total amount of the rebate was \$31.3 million. See Note 16 for more discussion on the Tenaska Equity Fund Rebate.

Capital Assets

At the end of 2024 and 2023, the Public Utilities Board's net capital assets in Table A-3 of \$621.1 million and \$611.1 million, respectively. This was a net increase of \$10.0 million from prior year. In fiscal year 2024, the most significant change was an increase in the Land category for land acquisitions. Additionally, there was a notable increase in the Plant category primarily due to capital funding commitments for the Hidalgo Power Plant and capital infrastructure related to emergency trouble calls.

In fiscal year 2023, the most notable change was an increase to the Construction in progress (CIP) category as the Public Utilities Board had an influx of emergency trouble calls which resulted in the replacement of capital infrastructure. The Public Utilities Board also saw an increase to the required funding commitments towards the capital improvements to the Hidalgo Power Plant

See Table A-3 on next page summarizing the Public Utilities Board's capital assets by category.

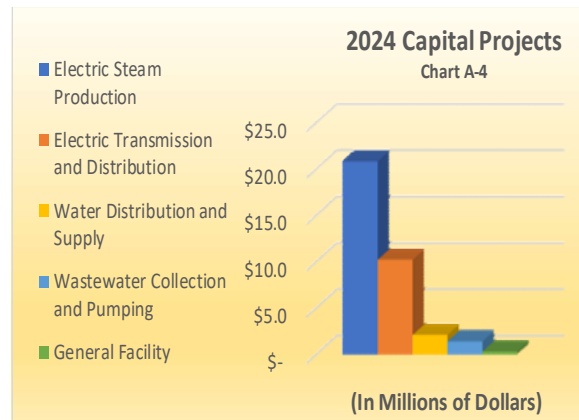
TABLE A-3
CAPITAL ASSETS

September 30, 2024, 2023 and 2022
(In millions of dollars)

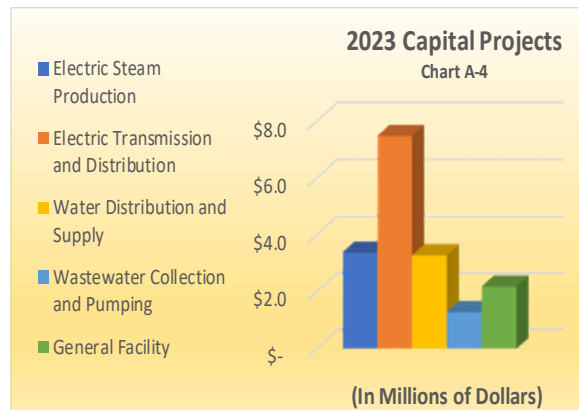
	2024	2023	2022	Change		Change	
				2024 vs. 2023		2023 vs. 2022	
Land	\$ 53.0	\$ 34.8	\$ 34.3	\$ 18.2	52.3%	\$ 0.5	1.5%
Plant	776.0	756.7	741.4	19.3	2.6%	15.3	2.1%
Buildings and structures	139.1	138.8	137.0	0.3	0.2%	1.8	1.3%
Improvements other than buildings	47.8	47.9	47.9	(0.1)	-0.2%	-	0.0%
Equipment	155.3	152.1	147.1	3.2	2.1%	5.0	3.4%
Right-to-use leased equipment	0.1	0.1	-	-	100.0%	0.1	0.0%
Construction in progress	74.1	76.8	71.4	(2.7)	-3.5%	5.4	7.6%
Subtotal	1,245.4	1,207.2	1,179.1	38.2	3.2%	28.1	2.4%
Less accumulated depreciation	(624.3)	(596.1)	(571.6)	(28.2)	4.7%	(24.5)	4.3%
Net capital assets	<u>\$ 621.1</u>	<u>\$ 611.1</u>	<u>\$ 607.5</u>	<u>\$ 10.0</u>	1.6%	<u>\$ 3.6</u>	0.6%

The following is a summary of some of the major improvements to the utility system during each fiscal year:

<u>Project Category:</u>	<u>2024</u>
Electric Steam Production	\$ 20.9
Electric Transmission and Distribution	10.3
Electric General	-
Water Distribution and Supply	2.2
Wastewater Collection and Pumping	1.5
General Facility	0.4
(Reported in millions of dollars)	



<u>Project Category:</u>	<u>2023</u>
Electric Steam Production	\$ 3.4
Electric Transmission and Distribution	7.5
Electric General	1.3
Water Distribution and Supply	3.3
Wastewater Collection and Pumping	1.3
General Facility	2.2
(Reported in millions of dollars)	



At September 30, 2024 and 2023, the Public Utilities Board had contractual obligations totaling approximately \$33,575,515 and \$30,242,628, respectively, for utility plant expansion and improvements. Funding of these amounts will come from available revenues of the Public Utilities Board and restricted funds. Additional information on the Public Utilities Board's capital assets can be found in Note 4 to the financial statements.

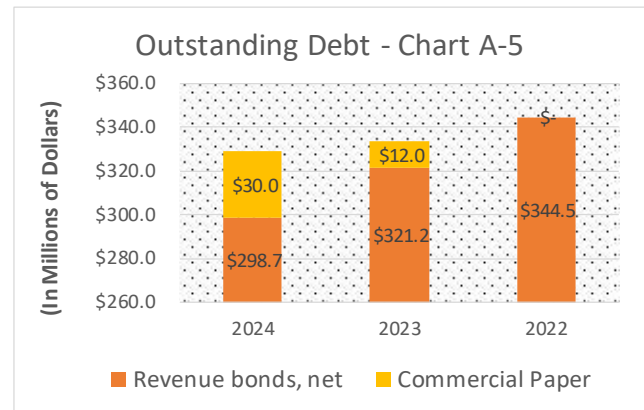
Debt Administration

The Public Utilities Board's outstanding debt is summarized as follows:

TABLE A-4
OUTSTANDING DEBT

September 30, 2024, 2023 and 2022
(In millions of dollars)

	2024	2023	2022
Revenue bonds, net	\$ 298.7	\$ 321.2	\$ 344.5
Commercial Paper	30.0	12.0	-
Total	<u>\$ 328.7</u>	<u>\$ 333.2</u>	<u>\$ 344.5</u>



Revenue bonds outstanding at September 30, 2024 and 2023 were \$272,395,000 and \$291,645,000, respectively. Interest on bonds is due semi-annually on March 1 and September 1, and the principal is due annually on September 1. Revenue bond debt service coverage for the Public Utilities Board's priority and second lien obligations was calculated at 2.48 and 2.84 times at September 30, 2024 and 2023 respectively.

On January 15, 2003, the Public Utilities Board sold \$76,400,000 variable rate demand bonds as series 2002A and 2002B Utility System Subordinate Lien Revenue and Refunding Bonds. The bonds' variable rate was synthetically fixed at 2.576% until 2008 utilizing a swap financing strategy. The City Commission of the City of Brownsville, Texas, authorized the execution of a Rate Cap Agreement effective September 1, 2006, through September 1, 2011, to give an insurance against increasing short term rates. The Public Utilities Board executed an agreement with an eligible provider for a notional amount of \$41,880,000 with an interest rate cap of 4.50%. The notional amount of the original swap decreased to \$10,830,000 effective September 1, 2006, provided a synthetic fixed rate of 2.576%. Proceeds from the sale of the bonds were used to retire currently outstanding revenue bonds, to build, improve, extend, enlarge, and repair the system, and to pay costs of issuance of the bonds. On August 24, 2005, the Public Utilities Board sold \$163,725,000 in tax exempt bonds and \$56,855,000 in taxable bonds as part of a major debt restructuring. The tax-exempt bonds, Series 2005A, provided proceeds to refund \$50,890,000 in Series 1995 outstanding obligations, \$50,000,000 in Series 2001A and \$50,000,000 in Series 2001B variable rate outstanding obligations, and \$7,250,000 in outstanding commercial paper notes, and provided \$20,000,000 in new money bonds. The taxable bonds, Series 2005B, provided proceeds to defease \$27,420,000 in Series 1992 outstanding obligations and \$22,120,000 in Series 1995 outstanding obligations.

The Public Utilities Board issued \$77,805,000 in aggregate principal amount of Utilities System Revenue Refunding Bonds, Series 2008. The refunding bonds provided proceeds to defease \$40,000,000 of Commercial Paper Notes, Series 2004, \$32,285,000 of the Series 2002A Utility System Subordinate Lien Revenue and Refunding Bonds, and \$13,415,000 of the Series 2002B Utility System Subordinate Lien Revenue and Refunding Bonds.

On October 1, 2012, the Public Utilities Board issued \$840,000 in Utility System Junior Lien Revenue Bonds, Series 2012. Proceeds from sale of the Obligations will be used for the purpose of funding construction improvements to the wastewater system on the FM 511 – 802 Colonia Project.

On May 1, 2013, the Public Utilities Board issued \$118,185,000 in Utilities System Revenue Refunding Bonds, Series 2013. The refunding bonds provided proceeds to refund \$109,985,000 of Utility System Improvement and Refunding Bonds, Series 2005A. In addition, the proceeds provided funds of \$11,818,500 to make a cash deposit into the Debt Service Reserve Fund.

On July 15, 2015, the Public Utilities Board issued \$94,770,000 in Utilities System Revenue Refunding Bonds, Series 2015. The bonds provided proceeds to refund \$49,060,000 of Series 2005A Revenue Improvement & Refunding Bonds,

\$27,815,000 of Series 2005B Revenue Refunding Bonds and \$5,480,000 of Series 2011 Revenue Refunding Bonds. In addition, the proceeds provided funds to defease \$20,000,000 in outstanding Commercial Paper Notes.

On May 15, 2016, the Public Utilities Board issued \$39,410,000 in Utilities System Revenue Refunding Bonds, Series 2016. The bonds, plus a premium of \$7,705,681, provided proceeds to refund \$42,505,000 of the Series 2008 Revenue Refunding Bonds.

On July 1, 2018, the Public Utilities Board issued \$14,000,000 in Utilities System Revenue Refunding Bonds, Series 2018. The bonds, plus a premium of \$1,404,015, provided proceeds to refund \$14,980,000 of the Series 2007 Jr. Lien Revenue Bonds, Series 2008 Revenue Refunding Bonds, and a portion of Series 2012 Sr. Lien Revenue Refunding Bonds.

On July 29, 2020, the Public Utilities Board issued \$53,590,000 in aggregate principal amount of Utilities System Revenue Refunding Bonds, Series 2020. The refunding bond proceeds plus the bond premium of \$9,295,486 were used to defease \$12,105,000 of the Series 2012 Utilities System Senior Lien Revenue Refunding Bonds for the years 2026-2037, and \$50,000,000 of Commercial Paper Notes.

On July 29, 2020, the Public Utilities Board issued \$62,320,000 in aggregate principal amount of Utilities System Revenue Refunding Bonds, Series 2020A (Taxable). The refunding bond proceeds were used to defease \$54,480,000 of the Series 2013A Utilities System Revenue Refunding Bonds for the years 2027- 2031.

On June 10, 2022, the Public Utilities Board issued \$17,165,000 in Utility System Revenue Refunding Bonds, Series 2022. The refunding bond proceeds plus the bond premium of \$1,187,629 were used to defease \$18,000,000 of Commercial Paper notes.

On June 10, 2022, the Public Utilities Board issued \$35,605,000 in Utility System Revenue Refunding Bonds, Series 2022A (Taxable). The refunding bond proceeds were used to defease \$35,000,000 of Commercial Paper notes.

Standard & Poor's Global Ratings, a division of Standard & Poor's Global., has assigned short term insured ratings of AA. The Public Utilities Board underlying ratings on its senior lien debt are "A2", "A-" and "A-" by Moody's, Standard & Poor's, and Fitch Ratings, respectively.

The Public Utilities Board's participation in the Southmost Regional Water Authority's (the Authority) desalination plant project was complete and operational during 2005. The Public Utilities Board total interest in the project is 92.91%. The Authority is considered a blended component unit of the Public Utilities Board. As a participating owner, the Public Utilities Board is obligated to contribute its percentage allocation of the Authority's debt service obligations and annual system budget. The Public Utilities Board's total 2024 and 2023 contributions to the Authority were \$7,257,735 and \$7,517,215, respectively. The Public Utilities Board's participation in the Authority's desalination project provides the City with an alternate, long-term, drought-resistant source of drinking water.

On December 7, 2009, the Authority issued \$9,295,000 in Water Supply Contract Revenue Bonds, Series 2009A and \$3,795,000 in Water Supply Contract Revenue Bonds, Series 2009B through the Texas Water Development Board Drinking Water State Revolving Fund for the construction of a full-scale Micro Filtration Pretreatment System. The objective of this project is to achieve compliance with both existing and future maximum contaminant levels for arsenic in public drinking water by constructing a full-scale Micro Filtration Pretreatment System prior to entering the existing reverse osmosis treatment process. An additional need is to control and reduce iron levels to eliminate complaints of colored water. Project objectives also include an additional 1.0 million gallons per day of capacity through upgrading certain pumps within the existing well field and adding one additional reverse osmosis train.

On September 26, 2012, the Southmost Regional Water Authority issued \$13,530,000 in Water Supply Contract Revenue Refunding Bonds, Series 2012. The refunding bonds had a closing date of October 18, 2012, and the proceeds plus the bond premium were used to defease \$14,990,000 of the Series 2002 Revenue Bonds for the years 2013 through 2027.

On April 18, 2017, the Authority issued \$9,255,000 in Water Supply Contract Revenue Refunding Bonds, Series 2017. The refunding bond proceeds plus the bond premium of \$725,245 were used to defease \$9,715,000 of the Series 2006 Water Supply Contract Revenue Refunding Bonds for the years 2019 through 2032.

The Authority's Water Supply Contract Revenue Refunding Bonds, Series 2017 was rated A2 by Moody's for Uninsured and AA by S&P for Insured. The Authority's underlying ratings on its Water Supply Contract Revenue Refunding Bonds, Series 2012 are "A2" by Moody's and "A+" by Fitch, respectively.

Additional information on the Public Utilities Board's debt can be found in Notes 6 and 7 of this report.

Request for Information

This financial report is designed to provide the reader with a general overview of the Public Utilities Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, P.O. Box 3270, Brownsville, TX 78523-3270. This report is available on the Public Utilities Board's website at www.brownsville-pub.com.

Financial Statements

- Δ *Statements of Net Position*
- Δ *Statements of Revenues, Expenses, and Changes in Net Position*
- Δ *Statements of Cash Flows*

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Statements of Net Position

September 30, 2024 and 2023

Assets	2024	2023
Current assets:		
Cash and cash equivalents	\$ 36,719,462	\$ 25,758,210
Investments	3,328,000	3,835,000
Receivables:		
Fees and services, net of allowance	31,712,307	34,594,160
Intergovernmental	978,223	717,641
Accrued interest receivable	1,625,842	1,148,184
Fuel cost under-recovery	-	19,498,661
Inventories	10,094,291	9,234,352
Prepays	1,599,637	1,405,443
Total current assets	<u>86,057,762</u>	<u>96,191,651</u>
Current restricted assets:		
Cash and cash equivalents	17,330,578	20,631,383
Investments	11,824,422	10,695,585
Total restricted current assets	<u>29,155,000</u>	<u>31,326,968</u>
Total current assets	<u>115,212,762</u>	<u>127,518,619</u>
Non-current restricted assets:		
Cash and cash equivalents	118,896,532	89,531,896
Investments	45,333,785	38,396,957
Net OPEB asset	1,707,000	602,950
Capital assets, net of accumulated depreciation	621,133,520	611,132,119
Regulatory assets	2,202,577	2,416,457
Total non-current assets	<u>789,273,414</u>	<u>742,080,379</u>
Total assets	<u>904,486,176</u>	<u>869,598,998</u>
Deferred Outflows of Resources		
Deferred charge on refunding	14,499,612	16,859,961
Deferred outflow - other	181,968	-
Deferred outflows related to pension	16,320,803	21,372,790
Deferred outflows related to OPEB	3,536,377	2,685,810
Total deferred outflows of resources	<u>34,538,760</u>	<u>40,918,561</u>
Total assets plus deferred outflows of resources	<u>\$ 939,024,936</u>	<u>\$ 910,517,559</u>

- Continued

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Statements of Net Position - Continued

September 30, 2024 and 2023

Liabilities	2024	2023
Current unrestricted liabilities:		
Accounts payable	\$ 22,137,211	\$ 25,933,478
Accrued vacation and sick leave	5,756,657	5,665,203
Due to primary government	3,244,010	4,801,496
Unearned revenue	4,199,039	1,440,077
Self insurance worker's compensation claims	41,510	128,421
Commercial paper	30,000,000	12,000,000
Total current unrestricted liabilities	<u>65,378,427</u>	<u>49,968,675</u>
Current liabilities payable from restricted assets:		
Accrued interest	1,146,131	994,169
Customer deposits	5,835,252	5,716,379
Current portion of revenue bonds payable	19,795,000	19,250,000
Total current liabilities payable from restricted assets	<u>26,776,383</u>	<u>25,960,548</u>
Total current liabilities	<u>92,154,810</u>	<u>75,929,223</u>
Non-current liabilities:		
Revenue bonds payable net of unamortized premium	278,865,948	301,931,408
OPEB liability - supplemental	1,784,774	1,628,667
Net pension liability	36,088,600	42,497,643
Self insurance worker's compensation claims	131,788	97,064
Total non-current liabilities	<u>316,871,110</u>	<u>346,154,782</u>
Total liabilities	<u>409,025,920</u>	<u>422,084,005</u>
Deferred Inflows of Resources		
Fuel cost over-recovery	16,781,978	-
Deferred inflows related to pension	1,394,514	732,903
Deferred inflows related to OPEB	12,151,426	12,326,553
Total deferred inflows of resources	<u>30,327,918</u>	<u>13,059,456</u>
Total liabilities plus deferred inflows of resources	<u>439,353,838</u>	<u>435,143,461</u>
Net position:		
Investment in capital assets	306,972,182	294,810,670
Restricted for:		
Debt service	18,235,004	17,494,283
Repair and replacement	144,901,250	109,459,415
Operating reserve	17,142,958	17,019,319
Fuel adjustment subaccount	-	2,492,464
Capital projects	2,613,191	2,572,599
Meter deposits	1,251,413	938,366
OPEB benefits	1,707,000	602,950
Unrestricted	6,848,100	29,984,032
Total net position	<u>499,671,098</u>	<u>475,374,098</u>
Total liabilities plus deferred inflows of resources plus net position	<u>\$ 939,024,936</u>	<u>\$ 910,517,559</u>

See accompanying notes to financial statements.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Statements of Revenues, Expenses, and Changes in Net Position

For the Fiscal Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Sales and service charges	\$ 246,218,682	\$ 279,751,071
Less Rate Stabilization	(9,492,464)	(1,500,000)
Less utilities service to the City of Brownsville, Texas	(6,089,411)	(6,053,425)
Total operating revenues	<u>230,636,807</u>	<u>272,197,646</u>
Operating expenses:		
Purchased power and fuel	79,293,184	104,614,950
Personnel services	56,993,471	50,684,173
Materials and supplies	10,333,449	10,543,818
Repairs and maintenance	3,485,644	5,118,143
Contractual and other services	26,242,499	24,347,117
Depreciation	30,109,039	29,166,093
Total operating expenses	<u>206,457,286</u>	<u>224,474,294</u>
Operating income	<u>24,179,521</u>	<u>47,723,352</u>
Nonoperating revenues (expenses):		
Investment and interest income	14,771,710	9,645,822
Interest expense	(11,717,447)	(11,995,117)
Loss on disposition of capital assets	(636,520)	(937,876)
Other	2,047,426	3,182,369
Tenaska Equity Fund rebate expense	-	(31,355,071)
Payments to City of Brownsville	(11,393,548)	(12,055,925)
Net nonoperating revenues (expenses)	<u>(6,928,379)</u>	<u>(43,515,798)</u>
Income before capital contributions and transfers	17,251,142	4,207,554
Capital contributions	<u>7,045,858</u>	<u>5,590,241</u>
Change in net position	24,297,000	9,797,795
Net position, beginning of year	<u>475,374,098</u>	<u>465,576,303</u>
Net position, end of year	<u>\$ 499,671,098</u>	<u>\$ 475,374,098</u>

See accompanying notes to financial statements.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Statements of Cash Flows

For the Fiscal Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from customers	\$ 271,008,786	\$ 240,645,113
Cash payments to suppliers for goods and services	(124,769,894)	(155,855,073)
Cash payments to employees for services	<u>(58,895,281)</u>	<u>(52,840,969)</u>
Net cash provided by operating activities	<u>87,343,611</u>	<u>31,949,071</u>
Cash flows from non-capital financing activities:		
Required payments to City of Brownsville	<u>(12,951,034)</u>	<u>(11,467,369)</u>
Net cash (used in) non-capital financing activities	<u>(12,951,034)</u>	<u>(11,467,369)</u>
Cash flows from capital and related financing activities:		
Commercial paper proceeds	18,000,000	12,000,000
Principal paid on capital debt - bond issues	(19,250,000)	(20,025,000)
Interest paid on capital debt	(11,565,485)	(12,001,034)
Capital contributions	1,904,838	2,277,882
Acquisition and construction of capital assets	<u>(33,192,239)</u>	<u>(28,051,351)</u>
Net cash (used in) capital and related financing activities	<u>(44,102,886)</u>	<u>(45,799,503)</u>
Cash flows from investing activities:		
Interest received	14,294,052	8,695,665
Purchases of investment securities	(639,156,462)	(729,331,592)
Proceeds from sales of investment securities	<u>631,597,802</u>	<u>713,217,790</u>
Net cash provided by/(used in) investing activities	<u>6,735,392</u>	<u>(7,418,137)</u>
Net (decrease) in cash and cash equivalents	37,025,083	(32,735,938)
Cash and cash equivalents, beginning of year	<u>135,921,489</u>	<u>168,657,427</u>
Cash and cash equivalents, end of year	\$ <u><u>172,946,572</u></u>	\$ <u><u>135,921,489</u></u>

- Continued

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Statements of Cash Flows - Continued

For the Fiscal Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 24,179,521	\$ 47,723,352
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	30,109,039	29,166,093
Non-operating expense	1,351,196	(28,868,935)
Provisions for uncollectible accounts	(976,395)	554,382
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	3,858,248	3,086,373
(Increase) decrease in inventory	(859,939)	(1,185,003)
(Increase) decrease in prepaids	(194,194)	(112,434)
(Increase) decrease in net OPEB asset	(2,748,264)	(13,194,523)
Increase (decrease) in accounts payable and accrued liabilities	(6,682,583)	(182,900)
Increase (decrease) in unearned revenues	2,918,802	1,250,247
Increase (decrease) in accrued vacation and sick leave	91,454	121,325
Increase (decrease) in fuel cost recovery	36,280,639	(6,757,732)
Increase (decrease) in customer deposits liability	118,873	388,209
Increase (decrease) in total OPEB liability - healthcare	1,644,214	(2,223,614)
Increase (decrease) in OPEB liability - supplemental	156,107	(684,394)
Increase (decrease) in net pension liability	(6,409,043)	30,887,505
Changes in deferred outflows of resources - OPEB	(850,567)	1,359,861
Changes in deferred outflows of resources - Pension	5,051,987	(12,605,058)
Changes in deferred outflows of resources - Derivatives	(181,968)	-
Changes in deferred inflows of resources - OPEB	(175,127)	(324,549)
Changes in deferred inflows of resources - Pension	661,611	(16,449,134)
Net cash provided by operating activities	\$ <u>87,343,611</u>	\$ <u>31,949,071</u>
Non-cash investing, capital, and financing activities:		
Contribution in aid of construction	\$ 5,141,020	\$ 3,312,359
Amortization	696,232	696,232
Changes in fair value	249,785	249,785
Reconciliation of cash and cash equivalents per Statements of Cash Flows to the Statements of Net Position:		
Cash and cash equivalents:		
Unrestricted	\$ 36,719,462	\$ 25,758,210
Restricted - Current	17,330,578	20,631,383
Restricted - Non-current	<u>118,896,532</u>	<u>89,531,896</u>
Total Cash and Cash Equivalents	\$ <u>172,946,572</u>	\$ <u>135,921,489</u>

See accompanying notes to the financial statements.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Notes to the Financial Statements
September 30, 2024 and 2023

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PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Notes to the Financial Statements
September 30, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies employed in the preparation of these financial statements.

The Reporting Entity – The Public Utilities Board of the City of Brownsville, Texas (Public Utilities Board), a component unit of the City of Brownsville, Texas (City), was formed in 1960 to provide electric, water, and wastewater services to its customers in the Brownsville area. The financial statements of the Public Utilities Board have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Public Utilities Board is a component unit of the City of Brownsville, Texas, based upon the selection of the governing authority. It is a separate operating authority established by the City’s charter. Its purpose is to own, operate, and maintain a combined utilities system which provides the City and certain adjacent unincorporated areas with electricity, water, and wastewater services. The specific elements of oversight responsibility of the Public Utilities Board are that the City Commission appoints six of the seven-member governing board and the Mayor of the City serves Ex-Officio as the seventh member. Each appointed board member serves a four-year term. The Public Utilities Board does not have the right to encumber, sell, or hypothecate the utilities system. The specific elements of accountability for fiscal matters are that the City Commission is vested with the right to set utility rates and approve the issuance of debt. The financial statements presented here are also included in the Annual Comprehensive Financial Report of the City of Brownsville, Texas.

Southmost Regional Water Authority

The reporting entity of the Public Utilities Board consists of the primary government (in this case, the Public Utilities Board) and a blended component unit, Southmost Regional Water Authority (the Authority). The Authority is a conservation and reclamation district created pursuant to Article XVI, Section 59, of the Texas Constitution and the Act of June 12, 1981, 67th Leg., Ch. 511, 1981 Tex. Gen. Laws 2196. The Authority is reported as a blended component unit because the Public Utilities Board manages the day-to-day operations and owns 92.91% of the Authority entitling it to 92.91% of the total water allocation.

The Authority provides treated water to various areas of Cameron County. The structure of the Authority includes five territories located in Brownsville and surrounding cities. Each participating entity is accorded a percentage of interest.

The members and their allocated portion are as follows:

Brownsville Public Utilities Board	92.91 %
Valley Municipal Utility District #2	2.51 %
City of Los Fresnos	2.28 %
Brownsville Navigation District	2.10 %
Town of Indian Lake	.20 %
	<u>100.00%</u>

Member contracts are from March 3, 2003 for a term of thirty years and thereafter until payment in full of the principal, premium, if any, and interest on all bonds issued during the initial term and all related fees to be paid pursuant to any bond resolution or indenture securing such bonds.

Essential disclosures related to the Authority are included in its complete financial statements. These statements may be obtained at P.O. Box 3270, Brownsville, Texas 78523-3270.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Notes to the Financial Statements

September 30, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The financial statements are presented in accordance with accounting standards generally accepted in the United States of America for proprietary funds of governmental entities. The Public Utilities Board complies with all applicable pronouncements of the GASB. The Public Utilities Board is accounted for as a proprietary fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is to recover the cost of operations through user charges. A proprietary fund is accounted for on the “economic resources” measurement focus using the accrual basis of accounting, under which revenues are recognized in the accounting period in which they are earned and the related expenses are recorded in the accounting period incurred, if measurable. All assets and deferred outflows of resources and liabilities and deferred inflows of resources are included on the statement of net position.

GASB Statement Implementations – In fiscal year 2023, the Public Utilities Board implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for governments, similar to standards established for leases. The Public Utilities Board identified two contracts for right-to-use assets and these assets were recorded as such. No liability was recorded as contracts were paid in full upon initiation. Amortization of the right-to-use assets will be recognized over the subscription term.

Budgets and Budgetary Accounting – The Public Utilities Board is not legally required to adopt a budget; therefore, comparative statements of actual expenses to budget expenses are not included within the financial statements.

Cash and Cash Equivalents – The Public Utilities Board’s cash and cash equivalents are considered to be cash on hand, demand deposits, money market accounts, and investments with original maturities of three months or less from the date of acquisition.

Investments – The Public Utilities Board invests funds in accordance with its policy, bond indentures, and the Texas Public Funds Investment Act. Investments consist primarily of United States Treasury obligations and government-backed securities. Statutes authorize the Public Utilities Board to invest in obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies; obligations of states, agencies, counties, cities and other political subdivisions of any state rated not less than A or its equivalent; certificates of deposit; certain commercial paper; certain mutual funds; and fully collateralized repurchase agreements.

The Public Utilities Board follows the provisions of GASB Cod. Sec. I50, Investments. In accordance with GASB Cod. Sec. I50, the Public Utilities Board’s general policy is to report short-term investments at amortized cost. All other investments are reported at fair value. The term “short-term” refers to investments that have a remaining term to maturity of one year or less at time of purchase. Fair value determinations of all securities are made on a quarterly basis.

Accounts Receivable – Accounts receivable balances are subject to risk of non-payment. The Allowance for Doubtful Accounts is calculated as a percentage of net receivable balance. The percentage is calculated by dividing the total of the previous twelve month’s net adjusted write-offs and the previous twelve month’s net receivable balance. The percentage is updated at the beginning of each new year and remains in place throughout the year. The allowance for doubtful accounts balance on customer receivables for fees and services was \$0.9 million and \$1.9 million at September 30, 2024 and 2023, respectively.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Notes to the Financial Statements
September 30, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Also included in accounts receivable balances are the unbilled revenues. These are revenues earned but not yet billed as of September 30th each year. The amounts of unbilled revenues recorded at September 30, 2024 and 2023, were \$12.9 million and \$15.4 million, respectively.

Inventories – Materials and supplies inventories are stated at cost.

Prepays – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

For fiscal years 2024 and 2023, current prepaid amounts relate primarily to insurance and other miscellaneous expenses.

Restricted Assets – Mandatory segregation of assets are presented as restricted assets. Such segregations are required by bond ordinance and other external parties. Current liabilities payable from these restricted assets are so classified.

Capital Assets – Utility plant-in-service is stated at cost which generally includes the cost of contracted services and certain materials and labor. Maintenance and repairs of property and items determined to be less than units of property are charged to operating and maintenance expenses; major plant replacements are capitalized.

Assets acquired through contributions, such as those from land developers, are capitalized at estimated fair value at the date contributed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Capital assets are defined by the Public Utilities Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of eighteen months. Meter and line transformer inventory have been included in utility plant to conform to Federal Energy Regulatory Commission guidelines. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The following estimated useful lives are used for depreciation purposes in 2024 and 2023:

<u>Classification:</u>	<u>Range of Lives:</u>
Electric, water & wastewater plant-in-service	30 to 60 years
Buildings	30 to 50 years
Improvements other than buildings	25 to 60 years
Equipment	10 to 40 years
Vehicles	3 to 8 years

Regulatory Assets – The Public Utilities Board defers and amortizes debt issuance costs related to revenue bonds as a regulatory asset in accordance with GASB Cod. Sec. Re10, Regulated Operations. These costs are recoverable through regulated rates and are amortized over the life of the related debt using the straight-line method. As of September 30, 2024, and 2023, the unamortized balance of debt issuance costs recorded as a regulatory asset were \$2.2 million and \$2.4 million, respectively.

Recoverable Fuel Costs – Recoverable fuel costs represent fuel costs incurred by the Public Utilities Board which have not yet been billed to customers or which have been billed to customers based on estimated fuel costs and has not been incurred. The Public Utilities Board recovers these costs via the fuel adjustment

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

charge assessed with the monthly utility bills. At September 30, 2024 and 2023, the Public Utilities Board had over-collected \$16.8 million and under-collected \$19.5 million, respectively, in current recoverable fuel costs. These monies are considered either a deferred inflow of resources or a receivable as the amounts deferred are expected to be offset by future months fuel charges.

	Balance at 1-Oct	Recoverable Fuel Costs	Applied Fuel Adjustment	Balance at 30-Sep
2024	\$ 19,498,661	\$ (26,788,175)	\$ (9,492,464)	\$ (16,781,978)
2023	\$ 12,740,929	\$ 8,257,732	\$ (1,500,000)	\$ 19,498,661

Accounts Payable – Accounts payable at September 30, 2024, was \$22.1 million. Balances that consist primarily of standard operating vendor accounts payable, including fuel and retainages payable total \$15.2 million. Other amounts that comprise the remaining balance include \$2.3 million for the City garbage contract; \$1.2 million for employee-related accounts payable; \$0.2 million for related parties; and \$3.2 million of miscellaneous accounts payable and accrued liabilities.

At September 30, 2023, was \$26.0 million. Balances that consist primarily of standard operating vendor accounts payable, including fuel and retainages payable total \$19.4 million. Other amounts that comprise the remaining balance include \$2.1 million for the City garbage contract; \$2.6 million for employee-related accounts payable; \$0.2 million for related parties; and \$1.7 million of miscellaneous accounts payable and accrued liabilities.

Accrued Vacation and Sick Leave – The Public Utilities Board’s annual vacation and sick leave policies allow employees to accumulate and vest in annual vacation and sick leave benefits up to specified limits. Upon termination, employees are paid for any unused vacation and sick leave with certain options available. The Public Utilities Board records its obligations for these unused benefits as they are earned by the employees.

Due to Primary Government – Bond Ordinance requires the Public Utilities Board to make payments to the City of Brownsville (the “City”) City Transfer Fund each month after making other obligatory payments required by the Bond Ordinance. The amount of the payment is equal to ten percent (10%) of the Gross Revenue. See also Note 13 – Transfers to the City.

Customer Deposits – The Public Utilities Board collects an advance deposit from new customers to secure payment of the customer’s final bill. The deposit is refundable once the customer has demonstrated an acceptable payment history of no more than two late payments within the first twelve-month period. The Public Utilities Board may collect an additional deposit for customers whose service has been turned off for non-payment and need to restore service.

Long-Term Debt – To support its long-term capital financing needs, the Public Utilities Board uses several types of debt instruments. As of September 30, 2024, and 2023, these included fixed-rate bonds as well as commercial paper. Amortization of debt discount and premium is computed using the effective yield method over the life of the related bond issues and is recorded as interest expense. Relative to the bond instruments, provisions may be included that allow for refunding after specified time periods during the bond term. See also Note 7 – Long-term Debt.

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Refundings and Defeasance of Debt – Subject to applicable timing restrictions that may prevent early payoff, the Public Utilities Board also has the option to defease or extinguish debt. A defeasance occurs when funds are placed in an irrevocable trust to be used solely for satisfying scheduled payments of both interest and principal of the defeased debt, which fully discharges the bond issuer's obligation. At the time of an extinguishment, since the issuer no longer has the legal obligation, the defeased debt is removed from the Statements of Net Position and the gain or loss is immediately recognized.

Current refundings involve issuing new debt (refunding bonds) to redeem existing debt (refunded bonds) that can be called within 90 days of the call date of the refunded bonds. In these circumstances, the refunding bond proceeds are irrevocably escrowed with a third party. These proceeds, and income thereon, are used to pay the debt service on the refunded bonds until the refunded bonds can be called. Refunding bonds are generally issued to achieve debt service savings.

Other Post-employment Benefits (OPEB) – For purposes of measuring the net OPEB liability/(asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plans and additions to/from the OPEB fiduciary net position have been determined using the same basis as they are reported in the Public Utilities Board's OPEB plans. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with benefit terms. See also Note 10 – Other Post-Employment Benefits.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See also Note 9 – Texas Municipal Retirement System.

Deferred Outflows and Deferred Inflows of Resources – Certain items that are applicable to future reporting periods as deferred outflows of resources (a consumption of net assets) and deferred inflows of resources (an acquisition of net assets).

Pension – The Public Utilities Board reports as deferred inflows or deferred outflows of resources changes in assumptions, differences between expected and actual experience, projected and actual investment earnings on pension plan assets and contributions made subsequent to the measurement date. Recognition of deferred outflows of resources related to pension amounted to \$16.3 million as of September 30, 2024, and \$21.4 million as of September 30, 2023. Recognition of deferred inflows of resources related to pension amounted to \$1.4 million as of September 30, 2024, and \$0.7 million as of September 30, 2023.

OPEB – Changes to the net OPEB liability and asset that have not been included in OPEB expenses are recorded as deferred inflows or deferred outflows of resources. Amounts included would result from changes of assumptions, the net difference between projected and actual earnings on the Public Agencies Post-Retirement Health Care Plan Trust, and investment (gains) and losses. Recognition of deferred outflows of resources related to OPEB amounted to \$3.5 million as of September 30, 2024, and \$2.7 million as of September 30, 2023. Recognition of deferred inflows of resources related to OPEB amounted to \$12.1 million as of September 30, 2024, and \$12.2 million as of September 30, 2023.

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Charge on Refunding – For refunding of debt, the difference between the reacquisition price and the net carrying amount of the old debt is recorded as unamortized reacquisition costs and reported as deferred outflows of resources. These amounts are amortized as components of interest expense over the shorter of the remaining life of the refunding or the refunded debt. At September 30, 2024 and 2023, reacquisition costs totaled \$14.5 million and \$16.9 million, respectively.

Power and Fuel Hedging – Consistent with hedge accounting treatment required for derivative instruments that are determined to be effective in offsetting changes in the cash flows of the hedged item, changes in fair value are reported as deferred outflows or deferred inflows of resources on the Statements of Net Position until the contract settlement period that occurs in parallel with the consumption and expense of the underlying physical energy commodity being hedged. When hedging contracts settle, during the time the purchase transactions occur, the deferred balance is recorded as an adjustment to fuel and purchased energy expense. Recognition of deferred outflows of resources related to derivatives was \$0.2 million as of September 30, 2024. An ineffective hedge is recognized in the Statements of Revenues, Expenses and Changes in Net Position. At September 2024, power and fuel hedging contracts are considered effective.

Hedging Derivative Instruments – The Public Utilities Board accounts for derivative instruments in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Currently, the Public Utilities Board's only derivative instruments are fuel hedges, which are used to reduce price risk for natural gas purchases. In accordance with GASB Statement No. 53, hedging derivative instruments are reported at fair value on the Statements of Net Position.

Restricted Net Position – Restricted Net Position is all subject to restrictions externally imposed by creditors through bond covenants. In accordance with bond covenants related to the funds and accounts and flow of funds, the Public Utilities Board is required to retain in the Plant Fund a reserve amount to pay operating and maintenance expenses of not less than two months of budgeted operating and maintenance expenses for the current fiscal year. When both restricted and unrestricted resources are available for use, it is the policy of the Public Utilities Board to use restricted resources first, then unrestricted resources as they are needed.

		As of September 30,	
		2024	2023
Debt service	\$	18,235,004	\$ 17,494,283
Repair and replacement		144,901,250	109,459,415
Operating reserve		17,142,958	17,019,319
Fuel adjustment subaccount		-	2,492,464
Capital projects		2,613,191	2,572,599
Meter deposits		1,251,413	938,366
OPEB benefits		1,707,000	602,950
Total restricted net position	\$	185,850,816	\$ 150,579,396

Operating Revenues and Expenses – Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Public Utilities Board's principal ongoing operations. The principal operating revenues of the Public Utilities Board are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Operating revenue consists of cash receipts from quasi-external transactions with the City and other governments, and other cash receipts that do not result from transactions defined as capital and related financing, non-capital financing, or investment activities.

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Public Utilities Board did not use any revenue received from fees collected from a water supply or sewer service constructed in whole or in part from funds from the economically distressed areas program account for purposes other than utility purposes.

Utility Service Revenue and Electric Purchased Power Expense – Electric, water, and wastewater revenues are recognized as billed on a cycle basis with recognition of unbilled revenues at September 30, 2024 and 2023 based upon the meter reading dates for the unbilled portion of each cycle. Unbilled revenue amounts at September 30, 2024 and 2023, were \$12.9 million and \$15.4 million, respectively. Electric rate schedules include power cost adjustment clauses that permit recovery of purchased power costs, not included in base rates, and in the month after such costs are incurred. The Public Utilities Board charges to expense the cost of purchased power in the period of purchase.

Other Accounts – Accounts not classified as operating revenues or expenses or relating to other non-operating categories presented on the Statement of Revenues, Expenses, and Changes in Net Position are presented as Other. Income accounts may include insurance proceeds, pole rental, billing and sales tax discounts, monies received from damaged property, and energy credits. Expenses may include investor service charges, amortization of regulatory asset, loss on refunding, premium and discounts, and other miscellaneous expenses.

Grant Revenue – Revenue from state and federal grants is recognized as earned to the extent of incurred program expenses. Grant funds are considered to be earned when all eligibility requirements have been met. Accordingly, when such funds are received in advance, they are recorded as unearned revenue. At September 30, 2024 and 2023, unearned grant revenues received in advance are \$3.85 million and \$1.25 million, respectively.

Capital Contributions – Cash and capital assets are contributed to the utility from customers, the municipality, or external parties. The value of property contributed to the utility is reported as revenue on the Statements of Revenues, Expenses, and Changes in Net Position.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Data/Reclassifications – Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Public Utilities Board's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Deferred Compensation Plan – The Public Utilities Board offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Public Utilities Board employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997. The Public Utilities Board approved plan amendments such that plan assets are held in trust, with AXA Advisors as trustee, for the exclusive benefit of the plan participants and their beneficiaries. The assets cannot be diverted to any other purpose. The Public Utilities Board does not have legal access to the resources of the deferred compensation plan; as such the plan is not reported in the Public Utilities Board's financial statements.

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(2) DEPOSITS AND INVESTMENTS

Basis of Investments – On September 11, 2023, the Public Utilities Board approved a revised Investment Policy which included an “Investment Strategy Statement” that addressed the understanding of investment suitability, the preservation and safety of principal, liquidity, marketability of the investment prior to maturity, diversification, and yield of the investment portfolio. In regards to the safety and risk of investments, the Public Utilities Board abided by the Investment Policy that requires all available funds to be invested in conformance with state and federal regulations, and applicable bond ordinance requirements. Each investment transaction shall seek to first and foremost ensure that capital losses are avoided, whether they are from securities’ defaults or erosion of fair value.

The Public Utilities Board’s investments are also subject to the rules and regulations of the Public Funds Investment Act (PFIA). The PFIA regulates what types of investments can be made, requires written investment policies, mandates training requirements of investment officers, requires internal management reports produced at least quarterly, and provides for the selection of authorized broker-dealers and investment managers. The Public Utilities Board’s bank deposits and Certificates of Deposit investments were entirely covered by the Federal Deposit Insurance Corporation or by collateral held by a third-party safekeeping bank in the Public Utilities Board’s name.

The following is a reconciliation of cash and cash equivalents and investments reported in the Statements of Net Position, the Statements of Cash Flows and the Deposits and Investments note disclosure:

	As of September 30,	
	2024	2023
Cash and Cash Equivalent (CCE)	\$ 172,946,572	\$ 135,921,489
Investments	60,486,207	52,927,542
Total CCE and Investments	<u>\$ 233,432,779</u>	<u>\$ 188,849,031</u>
<u>Statements of Net Position</u>		
Unrestricted		
Cash and Cash Equivalent	\$ 36,719,462	\$ 25,758,210
Investments	3,328,000	3,835,000
Total Unrestricted	<u>40,047,462</u>	<u>29,593,210</u>
Restricted - Current		
Cash and Cash Equivalent	17,330,578	20,631,383
Investments	11,824,422	10,695,585
Total Restricted - Current	<u>29,155,000</u>	<u>31,326,968</u>
Restricted - Non-current		
Cash and Cash Equivalent	118,896,532	89,531,896
Investments	45,333,785	38,396,957
Total Restricted - Non-current	<u>164,230,317</u>	<u>127,928,853</u>
Total CCE and Investments	<u>\$ 233,432,779</u>	<u>\$ 188,849,031</u>
<u>Statements of Cash Flows - CCE Disclosure</u>		
Cash and Cash Equivalent		
Unrestricted	\$ 36,719,462	\$ 25,758,210
Restricted - Current	17,330,578	20,631,383
Restricted - Non-current	118,896,532	89,531,896
Total Cash and Cash Equivalents	<u>\$ 172,946,572</u>	<u>\$ 135,921,489</u>
<u>Deposits and Investments - Note Disclosure</u>		
Cash and cash on hand	\$ 3,298,167	\$ 4,561,418
Certificates of Deposits (Non-negotiable)	13,202,000	6,699,000
Investments	216,932,612	177,588,613
Total Deposits and Investments	<u>\$ 233,432,779</u>	<u>\$ 188,849,031</u>

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(2) DEPOSITS AND INVESTMENTS – Continued

As of September 30, 2024, and 2023, the Public Utilities Board had the following investments:

Investment Type	Amount	September 30, 2024		
		Weighted Avg Maturity (Days)	Allocation	Rating
U.S Treasury Note	\$ 47,284,207	201	21.8%	AA+
Money Market Mutual Funds	1,031,676	42	0.5%	AAAm
Institutional Insured Liquid Deposits	4,419,526		2.0%	
Local Govt Investment Pools:				
TexasTERM 2024	15,500,000	43	7.1%	AAAf
TexasTERM 2025	23,800,000	146	11.0%	AAAf
TexasDAILY	53,954,919	37	24.9%	AAAmmf
TexPool	16,400,656	26	7.6%	AAAm
Texas CLASS	7,865,067	36	3.6%	AAAm
TexSTAR	46,676,561	26	21.5%	AAAm
Total	<u>\$ 216,932,612</u>		<u>100.0%</u>	

Investment Type	Amount	September 30, 2023		
		Weighted Avg Maturity (Days)	Allocation	Rating
U.S Treasury Note	\$ 46,228,542	59	26.0%	AA+
Money Market Mutual Funds	305,951	35	0.2%	AAAm
Institutional Insured Liquid Deposits	2,098,026		1.2%	
Local Govt Investment Pools:				
TexasTERM 2023	15,250,000	40	8.6%	AAAf
TexasTERM 2024	23,500,000	177	13.2%	AAAf
TexasDAILY	31,607,197	30	17.8%	AAAmmf
TexPool	22,012,686	28	12.4%	AAAm
Texas CLASS	31,156,618	49	17.5%	AAAm
TexSTAR	5,429,593	30	3.1%	AAAm
Total	<u>\$ 177,588,613</u>		<u>100.0%</u>	

TexasTERM CD Purchase Program – The TexasTERM CD Purchase Program offers investments in FDIC-insured CDs from banks throughout the United States. Investments are for a minimum of ninety days and a maximum of one year, with a minimum balance required. Each CD investment is held in the name of the participant. The CD's held by the Public Utilities Board at fiscal year-end are not rated because they were within the FDIC insurance coverage limits.

TexasTERM – The TexasTERM Program offers fixed-rate, fixed-term investment options. Investment maturities are for a minimum of sixty days and a maximum of one year. At year end, TexasTERM was rated AAAf by Fitch.

TexasDAILY – TexasDAILY is a local government investment pool. Administrative and investment services to the pool are provided by PFM Asset Management LLC, under an agreement with the TexasTERM Advisory Board and act on behalf of the pool participants. At year end, TexasDAILY was rated AAAmmf by Fitch. The Public Utilities Board reports its investment in TexasDAILY at the fair value amount provided by TexasDAILY, which is the same as the value of the pool share.

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(2) DEPOSITS AND INVESTMENTS – Continued

TexPool – The State of Texas Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool, along with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and approves any fee increases. TexPool is rated AAAm by Standard & Poor's.

As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Poor's as well as the office of the Comptroller of Public Accounts for review. TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net assets and share prices since that amount approximates fair value.

Texas CLASS – Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) is a local government investment pool through which entities may pool any of their funds or funds under their control. The Texas CLASS is supervised by a Board of Trustees (the Board) who are elected by the participants. The Board supervises the Trust and its affairs and acts as the liaison between the participants, the custodian, and the program administrator. Public Trust Advisors, LLC Trust provides program administration services and UMB Bank, N.A. provides custodial services. At year end, Texas CLASS was rated AAAm by Standard & Poor's.

TexSTAR – Texas Short Term Asset Reserve Program (TexSTAR) is a local government investment pool providing short-term liquidity requirements. JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexSTAR Board of Directors to provide investment and participant services for this pool. JPMorgan Chase Bank or its subsidiary J.P. Morgan Investor Services Company provides the custodial, transfer agency, fund accounting, and depository services for this pool. At year end, TexSTAR was rated AAAm by Standard & Poor's. The Public Utilities Board reports its investment in TexSTAR at the fair value amount provided by TexSTAR, which is the same as the value of the pool share.

Interest rate risk – In accordance with the Public Utilities Board's Investment Policy the weighted average to maturity for the Public Utilities Board's portfolio limits the maximum allowable maturity to two years by not exceeding the anticipated cash flow requirements. As of September 30, 2024, and 2023, the investment portfolio had maturities that met anticipated cash flow requirements.

The Public Utilities Board's invests in TexPool, TexasDAILY, Texas CLASS, and TexSTAR to provide its liquidity needs. These pools are structured somewhat like money market mutual funds and allow shareholders the ability to deposit or withdraw funds on a daily basis. Texpool, TexSTAR, and Texas CLASS are rated AAAm by Standard and Poor's and TexasDAILY is rated AAAmf by Fitch and must maintain a dollar weighted average maturity not to exceed a 60-day limit. At September 30, 2024, TexPool, TexasDAILY, Texas CLASS, and TexSTAR had a weighted average maturity of 26 days, 37 days, 36 days, and 26 days, respectively. The Public Utilities Board invests in government investment pools with 100% overnight liquidity. The Public Utilities Board's external investment pools meet the criteria described in GASB Cod. Sec. In5, *Investment Pools (External)*, and measure all of their investments at amortized cost; therefore, in accordance with GASB Cod. Sec. I50, *Investments*, the Public Utilities Board has also measured their investments in these external investment pools at amortized cost for financial reporting purposes. In addition, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

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(2) DEPOSITS AND INVESTMENTS – Continued

Credit risk – The Public Utilities Board identifies and manages credit risks by following the Investment Policy. The Public Utilities Board implements its investment strategy, establishes and monitors compliance with investment policies and procedures, and consistently monitors prudent risk controls. The Public Utilities Board will seek to control the risk of loss by monitoring the ratings of portfolio positions to assure compliance with the rating requirements imposed by the Public Funds Investment Act. The Public Utilities Board also manages exposure to credit risk by limiting its investments to a rating of “A” or better. As of September 30, 2024, and 2023, the Public Utilities Board had no security agencies investments.

Custodial credit risk – In accordance with the Public Utilities Board’s Investment Policy, the financial institution must collateralize all funds with a minimum of 102% of the fair value of the principal portion. The Public Utilities Board seeks to control the risk of loss due to the failure of a security issuer or grantor. Such risk shall be controlled by investing only in the safest types of securities as defined in the Investment Policy.

The Public Utilities Board signed an agreement with its financial institution pledging funds to 102% minimum of the fair value of the principal position Security transactions are executed on a delivery versus payment basis through safekeeping agent. Funds are not released until the Public Utilities Board receives, through the safekeeping agent, the securities purchased.

Concentration of credit risk – In accordance with the Investment Policy, the Public Utilities Board manages its credit risk exposure through diversification, and limiting its investments in each government-sponsored security to 75%. At September 30, 2024 the Public Utilities Board had security investments of 21.8% in U.S. Treasury/Notes and had no investments in U.S. Agencies. At September 30, 2023, the Public Utilities Board had security investments of 26.0% in U.S. Treasury/Notes and had no investments in U.S. Agencies. As of September 30, 2024, and 2023, the portfolio complied as noted above.

(3) FAIR VALUE MEASUREMENT

The Public Utilities Board records assets and liabilities in accordance with GASB Cod. Sec. 3100, *Fair Value Measurement*, which determines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement. The Public Utilities Board’s fair value measurements are performed on a recurring basis.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

As a basis for considering market participant assumptions in fair value measurements, GASB Cod. Sec. 3100 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as described below:

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(3) FAIR VALUE MEASUREMENT - Continued

- Level 1 – inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Equity securities and U.S. Government Treasury securities are examples of Level 1 inputs.
- Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Government agency and mortgage-backed securities and certificates of deposit are examples of Level 2 inputs.
- Level 3 – inputs are unobservable inputs that reflect the Public Utilities Board’s own assumptions about factors that market participants would use in pricing the asset or liability (including risk assumptions).

Valuation methods of the primary fair value measurements disclosed below are as follows:

- The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market. For equity securities, these markets include published exchanges such as the National Association of Securities Dealers Automated Quotations and the New York Stock Exchange.
- Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating.
- Commodity derivative instruments, such as futures, swaps and options, which are ultimately settled using prices at locations quoted through clearinghouses are valued using Level 1 inputs. Options included in this category are those with an identical strike price quoted through a clearinghouse.
- Other commodity derivative instruments, such as swaps settled using prices at locations other than those quoted through clearinghouses and options with strike prices not identically quoted through a clearinghouse, are valued using Level 2 inputs. For these instruments, fair value is based on internally developed pricing algorithms using observable market quotes for similar derivative instruments. Pricing inputs are derived from published exchange transactions and other observable data sources

The following table presents fair value balances and their levels within the fair value hierarchy as of September 30, 2024 and 2023. Investment balances presented exclude amounts related to money market mutual fund investments and external investment pools accounted for using amortized cost.

September 30, 2024				
	Level 1	Level 2	Level 3	Total
Fair Value - Investments:				
U.S. Treasury Note	\$ 47,284,207	\$ -	\$ -	\$ 47,284,207
Total fair value investments	<u>\$ 47,284,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,284,207</u>
Fair Value - Financial Instruments:				
Liabilities				
Current fuel hedges	\$ -	\$ 181,968	\$ -	\$ 181,968
Total financial instruments	<u>\$ -</u>	<u>\$ 181,968</u>	<u>\$ -</u>	<u>\$ 181,968</u>
September 30, 2023				
	Level 1	Level 2	Level 3	Total
Fair Value - Investments:				
U.S. Treasury Note	\$ 46,228,542	\$ -	\$ -	\$ 46,228,542
Total fair value investments	<u>\$ 46,228,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,228,542</u>

For more information on the fuel hedges, see Note 11 – Derivative Instruments.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS
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(4) CAPITAL ASSETS

Changes in the Public Utilities Board's capital assets for the year ended September 30, 2024, were as follows:

	Beg. Balance 10/1/2023	Additions	Deletions	Reclassifications	End Balance 9/30/2024
Capital assets, non-depreciable:					
Land	\$ 34,813,449	\$ 1,789,358	\$ -	\$ 16,361,861	\$ 52,964,668
Construction in progress	76,755,123	32,793,275	-	(35,475,208)	74,073,190
Total capital assets, non-depreciable	111,568,572	34,582,633	-	(19,113,347)	127,037,858
Capital assets, depreciable:					
Plant	756,685,408	14,474,378	(12,269,985)	17,079,887	775,969,688
Buildings and structures	138,821,721	29,880	(255,043)	509,710	139,106,268
Improvements other than buildings	47,880,155	-	(69,050)	10,240	47,821,345
Equipment	152,107,058	3,157,706	(1,374,462)	1,513,510	155,403,812
Right-to-use leased equipment	138,667	-	(33,250)	-	105,417
Total capital assets, depreciable	1,095,633,009	17,661,964	(14,001,790)	19,113,347	1,118,406,530
Less accumulated depreciation for:					
Plant	(432,687,906)	(19,242,854)	714,844	-	(451,215,916)
Buildings and structures	(45,679,244)	(3,830,932)	88,485	-	(49,421,691)
Improvements other than buildings	(31,426,956)	(630,325)	40,768	-	(32,016,513)
Equipment	(86,256,637)	(6,324,511)	990,286	-	(91,590,862)
Right-to-use leased equipment	(18,719)	(80,417)	33,250	-	(65,886)
Total accumulated depreciation	(596,069,462)	(30,109,039)	1,867,633	-	(624,310,868)
Capital assets, net	\$ 611,132,119	\$ 22,135,558	\$ (12,134,157)	\$ -	\$ 621,133,520

Changes in the Public Utilities Board's capital assets for the year ended September 30, 2023, were as follows:

	Beg. Balance 10/1/2022	Additions	Deletions	Reclassifications	End Balance 9/30/2023
Capital assets, non-depreciable:					
Land	\$ 34,309,175	\$ 490,784	\$ -	\$ 13,490	\$ 34,813,449
Construction in progress	71,488,391	25,258,719	-	(19,991,987)	76,755,123
Total capital assets, non-depreciable	105,797,566	25,749,503	-	(19,978,497)	111,568,572
Capital assets, depreciable:					
Plant	741,371,639	13,237,243	(11,326,753)	13,403,279	756,685,408
Buildings and structures	136,984,466	66,336	(49,346)	1,820,265	138,821,721
Improvements other than buildings	47,923,181	-	(50,548)	7,522	47,880,155
Equipment	147,065,283	3,554,708	(3,260,364)	4,747,431	152,107,058
Right-to-use leased equipment	-	138,667	-	-	138,667
Total capital assets, depreciable	1,073,344,569	16,996,954	(14,687,011)	19,978,497	1,095,633,009
Less accumulated depreciation for:					
Plant	(414,585,671)	(18,860,243)	758,008	-	(432,687,906)
Buildings and structures	(42,799,547)	(3,808,239)	928,542	-	(45,679,244)
Improvements other than buildings	(30,800,705)	(655,779)	29,528	-	(31,426,956)
Equipment	(83,451,028)	(5,823,113)	3,017,504	-	(86,256,637)
Right-to-use leased equipment	-	(18,719)	-	-	(18,719)
Total accumulated depreciation	(571,636,951)	(29,166,093)	4,733,582	-	(596,069,462)
Capital assets, net	\$ 607,505,184	\$ 13,580,364	\$ (9,953,429)	\$ -	\$ 611,132,119

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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(5) JOINT OPERATIONS

Calpine/Hidalgo Project – On December 15, 1999, the Public Utilities Board purchased an undivided interest from Calpine Energy which entitles the Public Utilities Board to 105 MW of the 500 MW combined cycle plant located in Edinburg, Texas, approximately 56 miles from Brownsville, Texas. The unit consists of two gas turbines, a heat recovery steam generator and steam turbine.

(6) SHORT-TERM DEBT

Commercial paper balances and activity as of and for the year ended September 30, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
2024	\$ 12,000,000	\$ 18,000,000	\$ -	\$ 30,000,000
2023	\$ -	\$ 12,000,000	\$ -	\$ 12,000,000

The Public Utilities Board issued \$18,000,000 of commercial paper during fiscal year 2024 and \$12,000,000 of Commercial Paper during fiscal year 2023. The commercial paper that was issued in fiscal year 2024 was used to fund approximately \$8.2 million in Electric utility capital projects, \$4.4 million in Water utility capital projects, \$5.1 in Wastewater utility capital projects, and \$0.3 million for the construction and equipping of facilities. The commercial paper that was issued in fiscal year 2023 was used to fund approximately \$4.5 million in Electric utility capital projects, \$2.3 million in Water utility capital projects, \$3.0 in Wastewater utility capital projects, and \$2.2 million for the construction and equipping of facilities.

On April 20, 2004, the City Commission of the City of Brownsville, Texas, approved and authorized the issuance of short-term obligations in an aggregate principal amount not to exceed \$50,000,000. The purpose of the Commercial Paper Program is to pay for additions, improvements, and extensions to the City’s combined electric system, waterworks system and sewer system. A Reimbursement and Credit Agreement was executed between the City, acting through the Public Utilities Board, and State Street Bank and Trust Company, Credit and Liquidity Provider, for the Commercial Paper program. In order to assure timely payment of the principal of and interest on the Commercial Paper Notes, a Letter of Credit was executed by the City and Deutsche Bank Trust, as beneficiary Issuing and Paying Agency. The stated amount of the Letter of Credit was \$50,000,000 (principal plus accrued interest no to exceed \$50,000,000). On September 17, 2013, the City Commission of the City of Brownsville adopted Ordinance No. 2013-1582 authorizing the issuance of the City of Brownsville, Texas Utilities System Commercial Paper Notes, Series A in a maximum aggregate principal amount of \$100,000,000 outstanding at any time.

On September 20, 2016, the City Commission of the City of Brownsville adopted Ordinance No. 2016-1619 supplementing the Original Ordinance and authorizing the substitution of the Credit Facility. On November 1, 2016, the City of Brownsville and the Mitsubishi UFJ Financial Group (MUFG) entered into a Reimbursement Agreement related to the Commercial Paper Notes, Series A. The City of Brownsville requested that the Bank issue its Letter of Credit to secure certain payments to be made with respect to the Commercial Paper Notes in the amount of \$111,095,891, of which \$100,000,000 will be available to pay principal of the Commercial Paper Notes upon maturity thereof, and of which \$11,095,891 will be available to pay accrued interest on the Commercial Paper Notes at maturity. principal of the Commercial Paper Notes upon maturity thereof, and of which \$11,095,891 will be available to pay accrued interest on the Commercial Paper Notes at maturity.

On September 17, 2019, the City Commission of the City of Brownsville adopted Ordinance No. 2019-1662 supplementing the Original Ordinance and authorizing the substitution of the Credit Facility. On November 1, 2019, the City of Brownsville and Bank of America, N.A. entered into a Reimbursement Agreement related to the Commercial Paper Notes, Series A.

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(6) SHORT-TERM DEBT – Continued

On March 18, 2021, the City Commission of the City of Brownsville adopted Ordinance 2021-1582 amending the Commercial Paper program to permit issuance on a taxable and tax-exempt basis. This amendment allows for the issuance, sale, terms and forms of commercial paper notes as Subordinate Lien Obligations in an aggregate principal amount not to exceed \$100,000,000 at any one time outstanding.

On September 20, 2022, the City Commission of the City of Brownsville adopted Ordinance No. 2022-1711 supplementing the Original Ordinance and authorizing the substitution of the Credit Facility. On November 1, 2022, the City of Brownsville and PNC Bank, N.A. entered into a Reimbursement Agreement related to the Commercial Paper Notes, Series A.

(7) LONG-TERM DEBT

Revenue Bonds – Revenue bond information and balances for the years ended September 30, 2024 and 2023, are as follows:

		Original	Installment Amounts			Interest Rates	Final	Outstanding	Outstanding
<u>Brownsville Public Utilities Board:</u>		<u>Borrowing</u>	<u>From</u>	<u>To</u>	<u>to Maturity</u>	<u>Maturity</u>	<u>at 9/30/24</u>	<u>at 9/30/23</u>	
2005	Utilities System Revenue Improvement and Refunding Bonds (Series A)	\$ 163,725,000	\$ 100,000	-	\$ 100,000	3.5% - 5.0%	2031	\$ 100,000	\$ 100,000
2008	Utilities System Revenue Refunding Bonds	77,805,000	100,000	-	100,000	4.0% - 5.0%	2033	100,000	100,000
2012	Utilities System Junior Lien Revenue Bonds*	840,000	40,000	-	60,000	0.27% - 3.49%	2032	410,000	455,000
2013	Utilities System Revenue Refunding Bonds (Series A)	118,185,000	8,380,000	-	9,565,000	2.0% - 4.0%	2026	18,715,000	27,470,000
2015	Utilities System Revenue Refunding Bonds	94,770,000	675,000	-	5,675,000	4.0% - 5.0%	2045	45,335,000	48,835,000
2016	Utilities System Revenue Refunding Bonds	39,410,000	1,515,000	-	3,930,000	5.0%	2033	21,310,000	24,705,000
2018	Utilities System Revenue Refunding Bonds	14,000,000	310,000	-	1,650,000	4.0% - 5.0%	2033	5,555,000	7,125,000
2020	Utilities System Revenue Refunding Bonds	53,590,000	320,000	-	2,880,000	2.0% - 5.0%	2050	52,175,000	52,495,000
2020A	Utilities System Revenue Refunding Bonds	62,320,000	1,460,000	-	12,105,000	2.0% - 5.0%	2031	57,980,000	57,980,000
2022	Utilities System Revenue Refunding Bonds	17,165,000	535,000	-	1,305,000	4.0% - 5.0%	2051	17,165,000	17,165,000
2022A	Utilities System Revenue Refunding Bonds	35,605,000	5,285,000	-	6,660,000	4.406%-5.006%	2037	35,605,000	35,605,000
								254,450,000	272,035,000
<u>Southmost Regional Water Authority:</u>									
2009	Water Supply Contract Revenue Bonds (Series A)*	9,295,000	305,000	-	310,000	0.0%	2039	4,645,000	4,955,000
2009	Water Supply Contract Revenue Bonds (Series B)*	3,795,000	210,000	-	270,000	0.1% - 4.25%	2029	1,250,000	1,470,000
2012	Water Supply Contract Revenue Refunding Bonds	13,530,000	1,085,000	-	1,285,000	3.0% - 5.0%	2027	3,730,000	4,865,000
2017	Water Supply Contract Revenue Refunding Bonds	9,255,000	1,540,000	-	1,795,000	4.125% - 5.5%	2032	8,320,000	8,320,000
								17,945,000	19,610,000
								\$ 272,395,000	\$ 291,645,000
* Direct Placement Bonds									

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(7) LONG-TERM DEBT – Continued

The following tables summarizes revenue bond transactions for the years ended September 30, 2024 and 2023:

	Beg. Balance 10/1/2023	Additions	Reductions/ Amortization	End Balance 9/30/2024	Due Within One Year
Revenue Bonds	\$ 284,765,000	\$ -	\$ (18,675,000)	\$ 266,090,000	\$ 19,210,000
Direct Placement Bonds	6,880,000	-	(575,000)	6,305,000	585,000
Unamortized Premium	31,271,530	-	(3,425,654)	27,845,876	-
Unamortized Discount	(1,735,122)	-	155,194	(1,579,928)	-
Total Bonds Payable, Net	<u>\$ 321,181,408</u>	<u>\$ -</u>	<u>\$ (22,520,460)</u>	<u>\$ 298,660,948</u>	<u>\$ 19,795,000</u>

	Beg. Balance 10/1/2022	Additions	Reductions/ Amortization	End Balance 9/30/2023	Due Within One Year
Revenue Bonds	\$ 304,230,000	\$ -	\$ (19,465,000)	\$ 284,765,000	\$ 18,675,000
Direct Placement Bonds	7,440,000	-	(560,000)	6,880,000	575,000
Unamortized Premium	34,697,184	-	(3,425,654)	31,271,530	-
Unamortized Discount	(1,890,316)	-	155,194	(1,735,122)	-
Total Bonds Payable, Net	<u>\$ 344,476,868</u>	<u>\$ -</u>	<u>\$ (23,295,460)</u>	<u>\$ 321,181,408</u>	<u>\$ 19,250,000</u>

Principal and interest amounts due for each of the next five years and thereafter to maturity are:

Year Ending September 30:	Revenue Bonds			Direct Placement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 19,210,000	\$ 10,071,458	\$ 29,281,458	\$ 585,000	\$ 65,699	\$ 650,699
2026	20,185,000	9,165,783	29,350,783	595,000	55,086	650,086
2027	20,960,000	8,372,933	29,332,933	610,000	43,811	653,811
2028	21,845,000	7,680,933	29,525,933	620,000	31,691	651,691
2029	22,505,000	7,024,235	29,529,235	630,000	18,996	648,996
2030-2034	81,105,000	24,684,027	105,789,027	1,720,000	11,931	1,731,931
2035-2039	38,350,000	12,127,372	50,477,372	1,545,000	-	1,545,000
2040-2044	18,855,000	6,888,856	25,743,856	-	-	-
2045-2049	18,015,000	2,971,863	20,986,863	-	-	-
2050-2051	5,060,000	267,950	5,327,950	-	-	-
	<u>\$ 266,090,000</u>	<u>\$ 89,255,411</u>	<u>\$ 355,345,411</u>	<u>\$ 6,305,000</u>	<u>\$ 227,212</u>	<u>\$ 6,532,212</u>

The Public Utilities Board is required by various debt agreements to comply with various financial statements and other covenants including maintaining required debt service coverage ratios. No non-compliance with covenants was noted which constitutes an “event of default” under these agreements.

On August 24, 2005, the Public Utilities Board sold \$163,725,000 in tax exempt bonds and \$56,855,000 in taxable bonds as part of a major debt restructuring. The tax exempt bonds, Series 2005A, provided proceeds to refund \$50,890,000 in Series 1995 outstanding obligations, \$50,000,000 in Series 2001A and \$50,000,000 in Series 2001B variable rate outstanding obligations, and \$7,250,000 in outstanding commercial paper notes, and provided \$20,000,000 in new money bonds.

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(7) LONG-TERM DEBT – Continued

The Public Utilities Board issued \$77,805,000 in aggregate principal amount of Utilities System Revenue Refunding Bonds, Series 2008. The refunding bonds provided proceeds to defease \$40,000,000 of Commercial Paper Notes, Series 2004, \$32,285,000 of the Series 2002A Utility System Subordinate Lien Revenue and Refunding Bonds, and \$13,415,000 of the Series 2002B Utility System Subordinate Lien Revenue and Refunding Bonds.

On December 7, 2009, the Authority issued \$9,295,000 in Water Supply Contract Revenue Bonds, Series 2009A and \$3,795,000 in Water Supply Contract Revenue Bonds, Series 2009B. These bonds were issued through the Texas Water Development Board (TWDB) Drinking Water State Revolving Fund for the construction of a full-scale Micro Filtration Pretreatment System.

On September 26, 2012, the Authority issued \$13,530,000 in Water Supply Contract Revenue Refunding Bonds, Series 2012. The refunding bonds had a closing date of October 18, 2012, and the proceeds plus the bond premium were used to defease \$14,990,000 of the Series 2002 Revenue Bonds for the years 2013 through 2027.

On October 1, 2012, the Public Utilities Board issued \$840,000 in Utility System Junior Lien Revenue Bonds, Series 2012, through the TWDB. Proceeds from the sale of the Obligations were used for the purpose of funding construction improvements to the wastewater system on the FM 511 – 802 Colonia Project.

On May 1, 2013, the Public Utilities Board issued \$118,185,000 in Utilities System Revenue Refunding Bonds, Series 2013. The refunding bond proceeds plus a bond premium of \$16,723,650 were used to defease \$109,985,000 of the Series 2005A Utilities System Revenue Improvement and Refunding Bonds which are callable on September 1, 2015, and funded \$11,818,500 of Public Utilities Board Senior Lien Reserve Fund.

On July 15, 2015, the Public Utilities Board issued \$94,770,000 in Utilities System Revenue Refunding Bonds, Series 2015. The refunding bond proceeds plus a bond premium of \$8,945,752 were used to defease \$49,060,000 of the Series 2005A Utility System Revenue Improvement and Refunding Bonds; \$27,815,000 of the Series 2005B Utility System Revenue Refunding Bonds; \$5,480,000 of the Series 2011 Utility System Revenue Refunding Bonds; and \$20,000,000 of the Utilities System Commercial Paper notes.

On May 15, 2016, the Public Utilities Board issued \$39,410,000 in Utilities System Revenue Refunding Bonds, Series 2016. The refunding bond proceeds plus a bond premium of \$7,705,681 were used to defease \$42,505,000 of the Series 2008 Utility System Revenue Refunding Bonds. As a result, the refunded debt is considered to be defeased and the liability was removed from long-term debt.

On April 18, 2017, the Authority issued \$9,255,000 in Water Supply Contract Revenue Refunding Bonds, Series 2017. The refunding bond proceeds plus the bond premium of \$725,245 were used to defease \$9,715,000 of the Series 2006 Water Supply Contract Revenue Refunding Bonds for the years 2019 through 2032.

On July 1, 2018, the Public Utilities Board issued \$14,000,000 in Utilities System Revenue Refunding Bonds, Series 2018. The bonds, plus a premium of \$1,404,015, provided proceeds to refund \$14,980,000 of the Series 2007 Jr. Lien Revenue Bonds, Series 2008 Revenue Refunding Bonds, and a portion of Series 2012 Sr. Lien Revenue Refunding Bonds.

On July 29, 2020, the Public Utilities Board issued \$53,590,000 in Utility System Revenue Refunding Bonds, Series 2020 and \$62,320,000 in Utility System Revenue Refunding Bonds, Series 2020A (Taxable). The Series

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(7) LONG-TERM DEBT – Continued

2020 refunding bond proceeds plus the bond premium of \$9,295,496 were used to defease future debt service payments of \$12,105,000 of the Series 2012 Utilities System Senior Lien Revenue Refunding Bonds for the years 2026-2037, and \$50,000,000 of Commercial Paper notes. The Series 2020 refunding bond proceeds were used to defease future debt service payments of \$54,480,000 of the Series 2013A Utilities System Revenue Refunding Bonds for the years 2027- 2031. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt.

On June 10, 2022, the Public Utilities Board issued \$17,165,000 in Utility System Revenue Refunding Bonds, Series 2022 and \$35,605,000 in Utility System Revenue Refunding Bonds, Series 2022A (Taxable). The Series 2022 refunding bond proceeds plus the bond premium of \$1,187,629 were used to defease \$18,000,000 of Commercial Paper notes. The Series 2022A (Taxable) refunding bond proceeds were used to defease \$35,000,000 of Commercial Paper notes.

Direct Placement Bonds – As of September 30, 2024, direct placement bonds with the Texas Water Development Board (TWDB) consisted of Junior Lien Series 2012 for the Public Utilities Boards in an outstanding amount of \$410,000. Direct placement debt for the Authority consisted of Series 2009 A and Series 2009 B Revenue Bonds for the Authority in an outstanding amount of \$4,645,000 and \$1,250,000, respectively. Interest rates on the junior lien fixed rate bonds range from 0.27% to 3.49% for the Public Utilities Board. Interest rates on the junior lien fixed rate bonds for the Authority range from 0.0% for Series 2009A and 0.1% to 4.25% for Series 2009B.

As of September 30, 2023, direct placement bonds with the Texas Water Development Board (TWDB) consisted of Junior Lien Series 2012 for the Public Utilities Boards in an outstanding amount of \$455,000. Direct placement debt for the Authority consisted of Series 2009 A and Series 2009 B Revenue Bonds for the Authority in an outstanding amount of \$4,955,000 and \$1,470,000, respectively. Interest rates on the junior lien fixed rate bonds range from 0.27% to 3.49% for the Public Utilities Board. Interest rates on the junior lien fixed rate bonds for the Authority range from 0.0% for Series 2009A and 0.1% to 4.25% for Series 2009B.

Prior Year Defeasance of Debt – In prior years, the Public Utilities Board has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities and open market purchases that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or it matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from long-term debt. As of September 30, 2024, and 2023, the amount of defeased debt outstanding but removed from long-term debt amounted to \$54,480,000.

(8) RISK MANAGEMENT

The Public Utilities Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the entity carries commercial insurance. The Public Utilities Board has established a limited risk management program for employee health and workers' compensation for which the Public Utilities Board retained risk of loss. For insured programs, there have been no significant reductions in insurance coverage. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards.

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(8) RISK MANAGEMENT – Continued

Accordingly, claims are reevaluated periodically. The estimate of the claims liability also includes amounts for claim incremental adjustment expenses. Estimated recoveries from third parties are another component of claims expense. A General liability insurance policy covers individual claims in excess of \$25,000 each occurrence. An Auto liability insurance policy covers individual claims in excess of \$1,000.

Workers' compensation insurance covers individual claims in excess of \$350,000 (each Accident) / \$1,050,000 (Aggregate). A Directors & Officers and Employment Practices liability insurance policy covers individual claims in excess of a \$350,000 per claim retention. Property insurance and other ancillary lines of insurance coverage for crime, mobile equipment, cyber liability and pollution are also in force.

Workers' Compensation Program

The Public Utilities Board has a workers' compensation self-insurance plan for the purpose of providing medical and indemnity payments as required by law for on-the-job related injuries. The plan is administered by a service agent. The Public Utilities Board has an excess workers' compensation insurance contract with an insurance carrier coverage which provides Texas statutory limits for claims in excess of \$350,000 for any one accident or occurrence. The aggregate deductible under this policy is \$1,050,000. Management feels that the contributions made during the year for workers' compensation will offset any claims paid during the year. Therefore, the entire liability is estimated to be long term and recorded as such.

Health Insurance Program

The Public Utilities Board has a group health self-insurance plan for the purpose of providing health insurance for the employees and their dependents. The plan is administered by a service agreement. The Public Utilities Board has a stop loss contract with an insurance carrier covering individual health claims in excess of \$200,000 per individual. The Public Utilities Board also has aggregate limits, which fluctuate with enrollment but are currently at \$11,593,039 for the health insurance plan and \$451,657 for the dental insurance plan. This is the maximum liability for health and dental claim costs for the plan year ending December 31, 2024.

The following is a summary of changes in claims liability for the Workers' Compensation and Health Insurance programs, which is included in accounts payable and accrued liabilities payable from restricted assets, for the years ended September 30, 2024 and 2023:

	Beginning Balance 2023	Claims and Adjustments	Claims Payments	Ending Balance 2024	Amounts Due Within One Year
Workers' Compensation	\$ 225,485	\$ 306,064	\$ (358,251)	\$ 173,298	\$ 41,510
Health Insurance	\$ 292,956	\$ 10,485,631	\$ (10,530,246)	\$ 248,341	\$ 248,341

	Beginning Balance 2022	Claims and Adjustments	Claims Payments	Ending Balance 2023	Amounts Due Within One Year
Workers' Compensation	\$ 330,425	\$ 100,004	\$ (204,944)	\$ 225,485	\$ 128,421
Health Insurance	\$ 253,403	\$ 9,763,870	\$ (9,724,317)	\$ 292,956	\$ 292,956

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(9) TEXAS MUNICIPAL RETIREMENT SYSTEM

Plan Description – The Public Utilities Board participates as one of 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com. All eligible employees of the Public Utilities Board are required to participate in TMRS.

Plan provisions for the Public Utilities Board for fiscal years 2024 and 2023 were as follows:

Employee deposit rate:	7%
Matching ratio (PUB to employee):	2 to 1
Years required for vesting:	5 years
Members can retire at certain ages, based on the years of service with the Public Utilities Board. The Service Retirement Eligibilities for the Public Utilities Board are:	5 years/age 60 20 years/any age
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating
Supplemental Death Benefit to Active Employees	Yes
Supplemental Death Benefit to Retirees	Yes

Benefits Provided – TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Public Utilities Board, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

At the date the plan began, the Public Utilities Board granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage (100%, 150%, or 200%) of the employee's accumulated contributions.

In addition, the Public Utilities Board can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the Public Utilities Board matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

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(9) TEXAS MUNICIPAL RETIREMENT SYSTEM – Continued

At the December 31 valuation and measurement date, the following employees were covered by the benefit terms:

	December 31,	
	2023	2022
Active employees	588	573
Inactive employees or beneficiaries currently receiving benefits	358	350
Inactive employees entitled to but not yet receiving benefits	159	144
Total Plan Participants	1,105	1,067

Contributions – The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Public Utilities Board matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Public Utilities Board. Under the state law governing TMRS, the contribution rate for each entity is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The Public Utilities Board’s contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees of the Public Utilities Board were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Public Utilities Board were 18.35% and 17.24% for calendar years 2024 and 2023, respectively. The Public Utilities Board’s contributions to TMRS in the fiscal year ended September 30, 2024, were \$7,370,069 and \$6,345,978 for fiscal year ended September 30, 2023, and equaled the required contributions.

Net Pension Liability – The Public Utilities Board’s net pension liability (NPL) was measured as of December 31, 2023 and 2022, and total pension liability (TPL) used to calculate the net pension liability was determined by actuarial valuations as of that date.

The Public Utilities Board’s changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	\$ 231,442,503	\$ 188,944,860	\$ 42,497,643
Changes for the year:			
Service cost	6,500,521	-	6,500,521
Interest	15,511,174	-	15,511,174
Change of benefit terms	-	-	-
Difference between expected and actual experience	3,517,540	-	3,517,540
Changes in assumptions	(1,126,443)	-	(1,126,443)
Contributions - employer	-	6,455,585	(6,455,585)
Contributions - employee	-	2,621,178	(2,621,178)
Net investment income	-	21,875,163	(21,875,163)
Benefit payments, including refunds of employee contributions	(9,795,191)	(9,795,191)	-
Administrative expense	-	(139,121)	139,121
Other changes	-	(970)	970
Net changes	14,607,601	21,016,644	(6,409,043)
Balance at 12/31/2023	\$ 246,050,104	\$ 209,961,504	\$ 36,088,600

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(9) TEXAS MUNICIPAL RETIREMENT SYSTEM – Continued

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2021	\$ 216,767,428	\$ 205,157,290	\$ 11,610,138
Changes for the year:			
Service cost	5,643,389	-	5,643,389
Interest	14,513,940	-	14,513,940
Change of benefit terms	-	-	-
Difference between expected and actual experience	3,653,312	-	3,653,312
Changes in assumptions	-	-	-
Contributions - employer	-	5,601,034	(5,601,034)
Contributions - employee	-	2,280,815	(2,280,815)
Net investment income	-	(14,983,763)	14,983,763
Benefit payments, including refunds of employee contributions	(9,135,566)	(9,135,566)	-
Administrative expense	-	(129,591)	129,591
Other changes	-	154,641	(154,641)
Net changes	14,675,075	(16,212,430)	30,887,505
Balance at 12/31/2022	\$ 231,442,503	\$ 188,944,860	\$ 42,497,643

Actuarial assumptions – The total pension liability in the December 31, 2023 and 2022, actuarial valuations were determined using the following actuarial assumptions:

	<u>12/31/2023</u>	<u>12/31/2022</u>	
Inflation	2.50%	2.50%	per year
Overall payroll growth	2.75%	2.75%	per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%	6.75%	net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. For 2024 and 2023, mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale MP-2021 in 2024 and Scale UMP in 2023 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the 3% floor for 2024, and by Scale UMP to account for future mortality improvements subject to the floor for 2023.

For 2024, the actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. For 2023, the actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated

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(9) TEXAS MUNICIPAL RETIREMENT SYSTEM – Continued

December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments for 2024 was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The long-term expected rate of return on pension plan investments for 2023 was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	September 30, 2024		September 30, 2023	
	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.70%	35.0%	7.70%
Core Fixed Income	6.0%	4.70%	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.00%	20.0%	8.70%
Other Public and Private Mkts	12.0%	8.00%	12.0%	8.10%
Real Estate	12.0%	7.60%	12.0%	5.80%
Hedge Funds	5.0%	6.40%	5.0%	6.90%
Private Equity	10.0%	11.60%	10.0%	11.80%
Total	100.0%		100.0%	

Discount Rate – The discount rate used to measure the Total Pension Liability recorded as of September 30, 2024 and 2023, was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Public Utilities Board, calculated using the discount rate of 6.75%, as well as what the Public Utilities Board’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

Measurement Date	1% Decrease 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase 7.75%
12/31/2023	\$ 70,060,085	\$ 36,088,600	\$ 8,061,706
12/31/2022	\$ 74,916,983	\$ 42,497,643	\$ 15,834,689

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(9) TEXAS MUNICIPAL RETIREMENT SYSTEM – Continued

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions – The Public Utilities Board recognized \$6,519,475 in pension expense for the fiscal year ended September 30, 2024, and \$8,039,538 in pension expense for the fiscal year ended September 30, 2023.

At September 30, 2024 and 2023 the Public Utilities Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30,	
	2024	2023
<u>Deferred outflows of resources</u>		
Changes in assumptions	\$ 42,431	\$ 76,648
Differences between expected and actual experience on pension assets	5,527,357	3,407,589
Differences between projected and actual earnings on pension assets (net)	5,107,570	13,004,441
Employer's contributions to the Plan subsequent to the measurement of total pension liability	5,643,445	4,884,112
Total deferred outflows of resources	<u>\$ 16,320,803</u>	<u>\$ 21,372,790</u>
	September 30,	
	2024	2023
<u>Deferred inflows of resources</u>		
Changes in assumptions	\$ (921,262)	\$ -
Differences between expected and actual experience on pension assets	(473,252)	(732,903)
Differences between projected and actual earnings on pension assets (net)	-	-
Total deferred inflows of resources	<u>\$ (1,394,514)</u>	<u>\$ (732,903)</u>

The amount reported as deferred outflows of resources, \$5,643,445, related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred outflows(inflows) of resources:
2024	\$ 2,345,747
2025	2,622,034
2026	5,104,804
2027	(1,003,153)
2028	213,412
Thereafter	-
Total	<u>\$ 9,282,844</u>

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(10) OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 9, the Public Utilities Board provides post-retirement health care benefits (OPEB) and supplemental death benefits to its employees.

POST-RETIREMENT HEALTH CARE BENEFITS

Plan Description and Benefits Provided – The Public Utilities Board provides post-retirement health care benefits for employees retiring and receiving annuities from the Texas Municipal Retirement System, through a single-employer plan, who are (1) at least age 60 and have completed 10 consecutive years of active service with the Public Utilities Board immediately prior to retirement, (2) at least age 55 and have completed 25 consecutive years of active service with the Public Utilities Board immediately prior to retirement, or (3) at any age having completed 30 consecutive years of active service with the Public Utilities Board immediately prior to retirement. Prior to age 65, the Public Utilities Board will pay 100% of the cost of the Group Health Insurance Program for the retirees. Spouses and dependents are also eligible for coverage, but the retiree must pay the premiums. No coverage is available after the retiree reaches age 65, including coverage for spouses and dependents. The above eligibility and coverage requirements do not apply to retirees that retired under Retiree Package I (1999) and Retiree Package II (2005). The Retiree Package I plan results from a special offer made in fiscal year 1999 to all employees with 25 years or more of credited service or eligible for retirement under TMRS guidelines who elected to voluntarily resign or retire during the offer period. The plan provides coverage for the employees and the employees’ dependent (spouse) under the Public Utilities Board’s group medical plan until such time as the employee becomes 65 years of age, dies or elects to receive coverage from another source. Under Retiree Package I, 34 retirees met these eligibility requirements. The Retiree Package II plan provides post-retirement benefits to all employees who retire from the Public Utilities Board after attaining 10 years of service and 60 years of age, 25 years of service and 55 years of age or 30 years of service regardless of age. Under the Retiree Package II plan, retirees may pay to provide spousal and dependent coverage. Under Retiree Package II, 24 retirees met these eligibility requirements.

The Public Utilities Board provides 100% of the cost of retirees to participate in this plan. Expenses for post-retirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported. Expenses related to provision of these post-employment benefits cannot be reasonably estimated. The OPEB plan benefits are established and may be amended by the Public Utilities Board’s Board of Directors.

The following tables presents information about the participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate the total OPEB liability, as of the measurement date for fiscal years ended September 30, 2024 and 2023, were:

	October 1,	
	2023	2022
Active participants	593	539
Retirees	46	60
Beneficiaries	0	0
Spouses of retirees	15	19
Total Participants	654	618

Contributions – Prior to May 2023, The Public Utilities Board did not pre-fund benefits. The funding policy was to pay benefits directly from general assets on a pay-as-you-go basis, and there was not a trust for accumulating plan assets.

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

In February 2023, the Public Utilities Board of Directors passed a resolution approving the adoption of the Public Agencies Post-Retirement Health Care Plan Trust (Trust) administered by Public Agency Retirement Services (PARS). The Public Utilities Board appointed the Chief Financial Officer as Administrator of the Trust, and as such, established the authority to act in all matters relating to the Trust.

In fiscal year 2023, the Public Utilities Board made an initial contribution of \$13,306,413 to fund the Trust. No contributions were made during fiscal year 2024. Contributions are not required from plan members. The Public Utilities Board reserves the right to make contributions, if any, to the Trust. Administrative costs of the Trust are financed through investment earnings. Benefits are paid directly to the insurance provider.

The PARS does issue a publicly available financial report for the fiduciary net position that is available upon request. The Trust itself does not issue a separate financial report.

Actuarial Methods and Assumptions

The following is a summary of significant actuarial methods and assumptions used in the actuarial valuations. There have been no significant changes between the valuation date and fiscal year ends.

Valuation Date	October 1, 2023	October 1, 2021
Measurement Date	September 30, 2024	September 30, 2022
Actuarial Cost Method	Entry Age Normal, level dollar	Entry Age Normal, level dollar
Amortization Method	Open periods 10 yr amortization 0.0% amortization growth rate	Open periods 10 yr amortization 0.0% amortization growth rate
Asset Valuation Method	Market Value	N/A
Inflation	2.30%	2.30%
Salary increases	Varies by service	Annually, graduated service-based scale December 31, 2021 TMRS report
Discount Rate	6.86% Plan's long-term rate of return on investment assumption	4.02% Bond Buyer's 20-year General Obligation Index
Long-term Expected Rate of Return on Investments	6.86%	N/A
Mortality	Pub-2010 Mortality (headcount weighted) for Employees, Healthy Annuitants, and Contingent Annuitants projected forward (fully generational) with MP-2021	Pub-2010 Mortality (headcount weighted) for Employees, Healthy Annuitants, and Contingent Annuitants projected forward (fully generational) with MP-2021

OPEB Plan Investment Strategy – The goal of the Trust's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the Trust. A balanced strategy that seeks to provide capital appreciation and a low to moderate level of current income consistent with its allocation was adopted. Target allocation of each asset class of equity and fixed income are 60% and 40%, respectively.

Discount Rate – The discount rate used to measure the total OPEB liability changed from 6.56% at September 30, 2023, to 6.86% at September 30, 2024. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

Long-term Expected Rate of Return – This assumption is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumption is based on the consultant’s investment practice as of June 30, 2023 and are based on a 20-year investment horizon.

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	September 30, 2024			September 30, 2023		
	Target	Long-Term Expected Real Rate of Return		Target	Long-Term Expected Real Rate of Return	
	Allocation	Arithmetic	Geometric	Allocation	Arithmetic	Geometric
US Core Fixed Income (Aggregate)	37.0%	2.50%	2.36%	15.0%	2.07%	1.93%
US High Yield Bonds	3.0%	4.43%	3.87%	0.0%	0.00%	0.00%
US Short (1-3 Yr) Credit Bonds	0.0%	0.00%	0.00%	5.0%	1.76%	1.70%
US Interim (1-10 Yr) Credit Bonds	0.0%	0.00%	0.00%	10.0%	2.40%	2.25%
Non-US Bonds	0.0%	0.00%	0.00%	10.0%	0.36%	-0.10%
US Broad Equity Market	36.0%	5.52%	3.82%	33.0%	5.56%	3.90%
Non-US Equity	18.0%	7.62%	5.75%	21.0%	7.64%	5.75%
US REITs	3.0%	6.91%	4.72%	6.0%	6.96%	4.74%
Infrastructure - Public	3.0%	5.78%	4.31%	0.0%	0.00%	0.00%
Total	100.0%			100.0%		

Changes in net OPEB asset and total OPEB liability – The following presents a summary of the changes in the net OPEB asset and total OPEB liability:

	September 30, 2024			September 30, 2023		
	Total OPEB	Plan Fiduciary	Net OPEB	Total OPEB	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability/(Asset)	Liability	Net Position	Liability/(Asset)
Total OPEB Liability - beginning of year	\$ 12,591,573	\$ 13,194,523	\$ (602,950)	\$ 14,815,187	\$ -	\$ 14,815,187
Changes for the year:						
Service Cost	484,332	-	484,332	765,841	-	765,841
Interest on total OPEB Liability	828,533	-	828,533	604,241	-	604,241
Effect of economic/demographic gains or losses	2,329,708	-	2,329,708	530,718	-	530,718
Effect of assumptions changes or inputs	(1,092,334)	-	(1,092,334)	(3,013,111)	-	(3,013,111)
Benefit payments	(906,025)	(294,001)	(612,024)	(1,111,303)	-	(1,111,303)
Employer contributions	-	-	-	-	13,306,413	(13,306,413)
Net investment income	-	3,042,265	(3,042,265)	-	(111,890)	111,890
Net changes						
Total OPEB Liability - end of year	\$ 14,235,787	\$ 15,942,787	\$ (1,707,000)	\$ 12,591,573	\$ 13,194,523	\$ (602,950)

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

Sensitivity Analysis – The following presents the total OPEB liability of the Public Utilities Board, calculated using the discount rate of 6.86% as of September 30, 2024, as well as what the Public Utilities Board's total liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.86%) or 1-percentage-point higher (7.86%) than the current rate:

Measurement Date		1% Decrease 5.86%	Discount Rate 6.86%	1% Increase 7.86%
9/30/2024	Total OPEB liability	\$ 15,405,675	\$ 14,235,787	\$ 13,183,923
9/30/2024	Fiduciary net position	\$ 15,942,787	\$ 15,942,787	\$ 15,942,787
9/30/2024	Net OPEB liability	\$ (537,112)	\$ (1,707,000)	\$ (2,758,864)

The following presents the total OPEB liability of the Public Utilities Board, calculated using the discount rate of 6.56% as of September 30, 2023, as well as what the Public Utilities Board's total liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.56%) or 1-percentage-point higher (7.56%) than the current rate:

Measurement Date		1% Decrease 5.56%	Discount Rate 6.56%	1% Increase 7.56%
9/30/2023	Total OPEB liability	\$ 13,685,543	\$ 12,591,573	\$ 11,608,463
9/30/2023	Fiduciary net position	\$ 13,194,523	\$ 13,194,523	\$ 13,194,523
9/30/2023	Net OPEB liability	\$ 491,020	\$ (602,950)	\$ (1,586,060)

The following presents the total OPEB liability of the Public Utilities Board, calculated using the current healthcare cost trend rates, as well as what the Public Utilities Board's total liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates at September 30, 2024 and 2023.

Measurement Date		1% Decrease	Current Trend Rate	1% Increase
9/30/2024	Total OPEB liability	\$ 12,934,253	\$ 14,235,787	\$ 15,731,076
9/30/2024	Fiduciary net position	\$ 15,942,787	\$ 15,942,787	\$ 15,942,787
9/30/2024	Net OPEB liability	\$ (3,008,534)	\$ (1,707,000)	\$ (211,711)

Measurement Date		1% Decrease	Current Trend Rate	1% Increase
9/30/2023	Total OPEB liability	\$ 11,167,122	\$ 12,591,573	\$ 14,273,804
9/30/2023	Fiduciary net position	\$ 13,194,523	\$ 13,194,523	\$ 13,194,523
9/30/2023	Net OPEB liability	\$ (2,027,401)	\$ (602,950)	\$ 1,079,281

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – The Public Utilities Board recognized OPEB income of \$1,408,967 for the year ended September 30, 2024, and \$656,209 in OPEB expense for the year ended September 30, 2023.

The following table presents information about the OPEB-related deferred outflows of resources and deferred inflows of resources for the Public Utilities Board as of September 30, 2024 and 2023:

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

	September 30,	
	2024	2023
<u>Deferred outflows of resources</u>		
Changes in assumptions	\$ 786,836	\$ 1,333,306
Investment (gains)/losses	-	433,126
Differences in expected and actual experience	2,343,143	459,956
Total deferred outflows of resources	<u>\$ 3,129,979</u>	<u>\$ 2,226,388</u>
<u>Deferred inflows of resources</u>		
Differences in expected and actual experience	\$ (3,780,152)	\$ (4,883,469)
Investment (gains)/losses	(1,392,786)	-
Changes in assumptions	(6,310,721)	(6,613,540)
Total deferred inflows of resources	<u>\$ (11,483,659)</u>	<u>\$ (11,497,009)</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended September 30,	Net deferred outflows(inflows) of resources:
2025	\$ (1,826,605)
2026	(2,143,601)
2027	(1,925,118)
2028	(1,654,518)
2029	(678,265)
Thereafter	(125,573)
Total	<u>\$ (8,353,680)</u>

SUPPLEMENTAL DEATH BENEFIT PLAN

Plan Description – The Public Utilities Board also participates in a single-employer, defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the TMRS. This is a voluntary program in which the Public Utilities Board elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Public Utilities Board may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump-sum payment approximately equal to the employees’ annual salary (calculated based on the employees’ actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an “other post-employment benefit,” or OPEB, and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

At the December 31 valuation and measurement date, the following employees were covered by the benefit terms:

	December 31,	
	2023	2022
Active employees	588	573
Inactive employees or beneficiaries currently receiving benefits	282	277
Inactive employees entitled to but not yet receiving benefits	78	71
Total Plan Participants	<u>948</u>	<u>921</u>

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

Contributions – The Public Utilities Board contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active Member and retiree deaths on a pay-as-you-go basis.

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of Contribution (Rate)	Percentage of ARC Contributed
2024	0.38%	0.16%	100%
2023	0.42%	0.19%	100%
2022	0.27%	0.16%	100%

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period of December 31, 2022. The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018.

Methods and Assumptions

The methods and assumptions described below were in effect as of September 30, 2024 and 2023.

Valuation of Assets – For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.

Actuarial Cost Method – The actuarial cost method being used is known as the Entry Age Normal Actuarial Cost Method. The Entry Age Normal Actuarial Cost Method develops the annual cost of the Plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due to service earned prior to the current year, known as the amortization of the unfunded actuarial accrued liability. The normal cost and the actuarial accrued liability are calculated individually for each member. The normal cost rate for an employee is the contribution rate which, if applied to a member’s compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The normal cost is calculated using an entry age based on benefit service with the current city. If a member has additional time-only vesting service through service with other TMRS cities or other public agencies, they retain this for determination of benefit eligibility and decrement rates. The salary-weighted average of these rates is the total normal cost rate. The unfunded actuarial accrued liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

Valuation date	12/31/2023 and 12/31/2022
Inflation	2.5% (2023 and 2022)
Salary Increases	3.60% to 11.85%, including inflation (2023); 3.50% to 11.50%, including inflation (2022)
Discount rate	3.77%* and 4.05%**
Retirees; share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	(12/31/23) - 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). (12/31/22 and 12/31/21) - Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disables retirees	(12/31/23) and (12/31/22) - 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence to account for future mortality improvements subject to the floor (12/31/2023). The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

** The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Supplemental Death Benefit – The contribution rate for the Supplemental Death Benefit (SDB) is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members, and it is calculated separately for actives and retirees. The 2025 SDB rate for retiree coverage is equal to 110% of the expected term cost. The SDB rate for active coverage is equal to 150% of the expected term cost.

Total OPEB Liability – The Public Utilities Board's total OPEB liability as of September 30, 2024, was determined by actuarial valuation and measurement date as of December 31, 2023. The Public Utilities Board's total OPEB liability as of September 30, 2023, was determined by actuarial valuation and measurement date as of December 31, 2022.

The following presents a summary of the changes in total OPEB liability:

	September 30, 2024	September 30, 2023
Total OPEB Liability - beginning of year	\$ 1,628,667	\$ 2,313,061
Changes for the year:		
Service Cost	56,168	114,041
Interest on total OPEB Liability	65,658	43,130
Differences between expected and actual experience	20,779	41,382
Changes in assumptions or other inputs	84,648	(830,814)
Benefit payments*	(71,146)	(52,133)
Net changes	156,107	(684,394)
Total OPEB Liability - end of year	<u>\$ 1,784,774</u>	<u>\$ 1,628,667</u>

* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

** Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SDBF benefit (i.e. excludes beneficiaries, non-vested terminations due a refund, etc.).

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

The Public Utilities Board recorded \$83,976 in OPEB expense for the year ended September 30, 2024, and an expense of \$102,743 for the year ended September 30, 2023.

Sensitivity of the total OPEB liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Public Utilities Board Supplemental Death Benefit Fund, calculated using the applicable discount rate of 3.77% as of September 30, 2024, as well as what the Public Utilities Board's liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Discount Rate	1% Increase
Date	2.77%	3.77%	4.77%
9/30/2024	\$ 2,135,889	\$ 1,784,774	\$ 1,510,596

The following presents the total OPEB liability of the Public Utilities Board Supplemental Death Benefit Fund, calculated using the applicable discount rate of 4.05% as of September 30, 2023, as well as what the Public Utilities Board's liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Discount Rate	1% Increase
Date	3.05%	4.05%	5.05%
9/30/2023	\$ 1,946,659	\$ 1,628,667	\$ 1,380,694

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – The following table presents information about the OPEB-related deferred outflows of resources and deferred inflows of resources for the Public Utilities Board:

	September 30,	
	2024	2023
<u>Deferred outflows of resources</u>		
Difference in expected and actual earnings	\$ 53,180	\$ 47,986
Changes in assumptions	304,011	327,705
Employer's contributions to the Plan subsequent to the measurement date	49,207	83,731
Total deferred outflows of resources	<u>\$ 406,398</u>	<u>\$ 459,422</u>
<u>Deferred inflows of resources</u>		
Difference in expected and actual earnings	\$ (667,767)	\$ (829,544)
Changes in assumptions	-	-
Total deferred inflows of resources	<u>\$ (667,767)</u>	<u>\$ (829,544)</u>

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

The following table presents the future amortization of OPEB-related deferred outflows of resources and deferred inflows of resources, excluding the balance attributable to the employer's contribution to the Supplemental Death Benefit Fund in the current fiscal year and subsequent to the total OPEB liability measurement date. The deferred outflows of resources balance for such contribution amounts at the end of a fiscal period are recognized fully as adjustments to the total OPEB liability in the subsequent year.

	Net deferred outflows(inflows of resources:
2024	\$ (52,040)
2025	(47,657)
2026	(68,085)
2027	(104,605)
2028	(44,148)
Thereafter	5,959
Total	<u>\$ (310,576)</u>

The following is a summary of certain OPEB account balances as of September 30, 2024 and 2023:

	9/30/2024			9/30/2023		
	Healthcare	Supplemental	Total	Healthcare	Supplemental	Total
Net OPEB Asset	\$ 1,707,000	\$ -	\$ 1,707,000	\$ 602,950	\$ -	\$ 602,950
OPEB Liability	-	1,784,774	1,784,774	-	1,628,667	1,628,667
Deferred Outflows of Resources	3,129,979	406,398	3,536,377	2,226,388	459,422	2,685,810
Deferred Inflows of Resources	11,483,659	667,767	12,151,426	11,497,009	829,544	12,326,553
OPEB Income	1,408,967	-	1,408,967	656,209	-	656,209
OPEB Expense	-	83,976	83,976	-	102,743	102,743

(11) DERIVATIVE INSTRUMENTS

Power and Fuel Hedging – In July 2024, the Public Utilities Board approved the Energy Risk Management Policy, which sets forth the guidelines for the purchase and sale of certain financial instruments and certain physical products, collectively defined as hedge instruments. The primary goal of the Energy Risk Management Policy is to provide a framework for the operation of a fuel and power price hedging program to manage the Public Utilities Board's market price risk exposure in order to stabilize pricing and costs for the benefit of the Public Utilities Board and its customers.

The Public Utilities Board reports its derivative instruments in accordance with GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which addresses recognition, measurement and disclosures related to derivative instruments. The Public Utilities Board does not use derivative instruments for speculative purposes. The only derivative instruments entered are for the purposes of risk mitigation; therefore, these instruments are considered potential hedging derivative instruments under GASB Statement No. 53.

In accordance with the requirements of GASB Statement No. 53, all energy derivative contracts are reported on the Statements of Net Position at fair value. The fair value of option contracts, if used, is determined using

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September 30, 2024 and 2023

(11) DERIVATIVE INSTRUMENTS – Continued

market price quotes for substantially similar contracts (when such prices are available), or in the absence of observable option prices, a Black-Sholes pricing model. For fixed-price forward contracts, the fair value is calculated based on the contract volume multiplied by the difference between the available observable market price closest to the last day of the reporting period and the contract price. See additional disclosures regarding fuel hedge fair values at Note 3 – Fair Value Measurement.

As of September 30, 2024, the total fair value of outstanding energy derivative instruments was a net liability of \$0.2 million. Energy derivative instruments are classified on the Statements of Net Position as a component of current unrestricted accounts payable. The Energy Risk Management Policy does not currently allow for long-term (i.e. greater than one year) energy derivative transactions.

All hedging derivative instruments were evaluated for effectiveness as of September 30, 2024. Consistent with hedge accounting treatment required for derivative instruments that are determined to be effective in offsetting changes in the cash flows of the hedged item, changes in fair value are reported as deferred outflows or deferred inflows of resources on the Statements of Net Position until the contract settlement period that occurs in parallel with the consumption and expense of the underlying physical energy commodity being hedged. When hedging contracts settle, during the time the purchase transactions occur, the deferred balance is recorded as an adjustment to fuel and purchased energy expense. The deferred outflows of resources related to fuel hedges were \$0.2 million of September 30, 2024.

The following information is related to the Public Utilities Board’s outstanding energy derivative instruments:

Type of Transaction	Price Reference	Start Date	End Date	Volume MMBtu		9/30/2024 Change in Fair Value
HSC Gas Daily Swap	HSC	10/01/2024	10/31/2024	31,000	\$ 620	\$ 5,425
HSC Gas Daily Swap	HSC	10/01/2024	10/31/2024	155,000	\$ (3,875)	\$ 15,887
HSC Gas Daily Swap	HSC	11/01/2024	11/30/2024	120,000	\$ (35,400)	\$ (21,300)
HSC Gas Daily Swap	HSC	12/01/2024	12/31/2024	93,000	\$ (38,363)	\$ (28,598)
HSC Gas Daily Swap	HSC	01/01/2025	01/31/2025	62,000	\$ (57,350)	\$ (42,129)
HSC Gas Daily Swap	HSC	02/01/2025	02/28/2025	56,000	\$ (47,600)	\$ (32,816)
					<u>\$ (181,968)</u>	<u>\$ (103,531)</u>

Credit Risk – The Public Utilities Board executes over-the-counter hedge transactions directly with approved counterparties. These counterparties are generally highly rated entities that are leaders in their respective industries. The Public Utilities Board monitors the creditworthiness of these entities and manages the resulting financial exposure. In the event of default or nonperformance by counterparties the financial position of the Public Utilities Board could be affected. However, the Public Utilities Board does not expect these entities to fail to meet their obligations given their strong credit ratings and the monitoring procedures in place with which to manage this risk.

Volumetric Risk – If the total volume of energy hedges were to exceed the total physical volume of the commodity consumed (i.e., a condition of “over-hedging”), either on a given day or for a month, the alignment of the cash flow offsets from the hedges and the cost behavior of the underlying physical position could diminish. The Public Utilities Board controls this risk by updating its estimated power position and fuel consumption projections on at least a monthly basis and monitoring prospective hedge effectiveness.

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(12) RELATED PARTY TRANSACTION

The Public Utilities Board supplies electric, water, and wastewater services to the City in compliance with the provisions of the City's Revenue Bond Ordinance. These services are accounted for in accordance with the Public Utilities Board's municipal rate schedules. Utilities service provided to the City for the years ended September 30, 2024 and 2023 were \$6,089,411 and \$6,053,425, respectively.

The Public Utilities Board also bills and collects the City's fees for garbage collection services, garbage tax, EPA fees, and maintenance services, and receives a 3% administrative fee for these services except garbage tax. The Public Utilities Board charged \$1,000,910 and \$959,843 to the City for these collection services in 2024 and 2023, respectively.

(13) TRANSFERS TO THE CITY

The issuance of the 2005A and 2005B refunding bonds modified certain existing covenants which included the calculation of the transfers to the City. Beginning fiscal year 2006 the transfers to the City are being made on a quarterly basis calculated at ten percent (10%) of the gross revenues received for the preceding fiscal year quarter, as adjusted in accordance with the following: (1) prior to applying the percentage set forth above to determine the amount to be transferred to the City, the amount of gross revenues for a fiscal year quarter shall be reduced by an amount equal to all costs for the purchase of power and fuel paid or incurred by the Public Utilities Board during such fiscal year quarter as well as funding requirements for the Southmost Regional Water Authority; and (2) the amount of funds to be transferred to the City shall be reduced by any amounts owed by the City to the Public Utilities Board for utility services. Prior to fiscal year 2006 Article VI of the Charter provided for the transfer to the City's general fund by the Public Utilities Board from "Surplus Funds" available at the close of each fiscal year (after retaining in the Plant Fund an amount deemed by the Public Utilities Board to be sufficient to pay system operation and maintenance expenses for the next 60 days), to the extent available, the greater of \$400,000 or 50% of such surplus funds. Surplus funds, as defined in the Charter, are amounts remaining in the Plant Fund at the close of each fiscal year after all Charter requirements and after all payments have been fully and timely made into funds created by ordinances authorizing outstanding bonds secured by a pledge of the system's net revenues.

Required payments to the City for the years ended September 30, 2024 and 2023, totaled \$11,393,548 and \$12,055,925, respectively, of which \$3,244,010 and \$4,801,496 respectively, was payable at September 30, 2024 and 2023.

(14) COMMITMENTS AND CONTINGENCIES

The Public Utilities Board is currently involved in various claims and litigation. It is the opinion of management and counsel that potential claims against the Public Utilities Board not covered by insurance resulting from litigation would not materially affect the financial position or operations of the Public Utilities Board.

At September 30, 2024, the Public Utilities Board had committed approximately \$33,575,515 for utility plant expansion and improvements. Funding of these amounts will come from available revenues of the Public Utilities Board, restricted funds, and short-term debt.

The Public Utilities Board has entered into Purchase Power Agreements with a third party for 65 megawatts that begin in October 2020 and January 2022 and will both terminate in 2029. All costs related to the Purchase Power Agreements will be subject to recovery through the Public Utilities Board's Fuel and Purchased Energy Charge (FPEC) on a monthly basis from electric customers.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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(14) COMMITMENTS AND CONTINGENCIES – Continued

The Public Utilities Board participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the Public Utilities Board's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Public Utilities Board anticipates such amounts, if any, will be immaterial.

(15) SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

As of September 30, 2024, and 2023, the Public Utilities Board had engaged with three separate vendors for subscription-based information technology arrangements (SBITA) for software used by Human Resources and GIS departments. These SBITA are amortized over the length of their contract. None of the contracts include an interest rate for calculating payments nor do they require any upfront costs. As of September 30, 2024, the net SBITA right-to-use intangible asset was reported in the amount of \$105,417 for one remaining contract. As of September 30, 2023, the net SBITA right-to-use intangible asset was reported in the amount of \$138,667. Amortization for all three SBITA at September 30, 2024 and 2023, was reported in the amount of \$80,417 and \$18,719, respectively. For the year ended September 30, 2024 and 2023, the Public Utilities Board did not report a corresponding SBITA liability because all contracts are paid in advance.

(16) TENASKA EQUITY FUND REBATE

In December 2012 the City Commission approved a five-year rate plan for electric, water and wastewater base rates. The electric rates were allocated for two purposes: 1) ongoing growth and O&M and 2) bond issuance for a proposed generation project. As a result of the generation project not coming to fruition, in May 2022, the City Commission approved the rollback of that portion of electric base rates in a phased approach effective June 1, 2022 and June 1, 2023. In October 2022, the City Commission approved the acceleration of the second phase to an effective date of December 1, 2022.

Beginning in 2013, \$29 million of the proposed generation project revenue was set aside to pay for anticipated costs during the construction period; these funds are unspent and held by the Public Utilities Board in the Improvement Fund. The Public Utilities Board and City Commission formed a joint committee to address the distribution of the \$29 million. A plan was approved by the Public Utilities Board's Board of Directors on May 1, 2023 and the City Commission on May 2, 2023. In addition to the \$29 million, the Public Utilities Board's Board of Directors voted to add the interest earned on the \$29 million to the funds to be distributed bringing the total to \$31,355,071. This amount was distributed in May 2023 in the form of an account credit to customers who were still active as of May 1, 2023 and as a check to inactive customers.

(17) PENDING GASBs

As of September 30, 2024, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Public Utilities Board. Management is evaluating these pending GASB statements to determine what, if any, impact will be to the Public Utilities Board. The statements are as follows:

- GASB Statement No. 101, *Compensated Absences*
- GASB Statement No. 102, *Certain Risk Disclosures*

Management is evaluating these pending GASB statements to determine what, if any, impact will be to the Public Utilities Board.

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(18) SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 3, 2025, which is the date the financial statements were available to be issued.

Required Supplementary Information

- Δ *Texas Municipal Retirement System – Schedule of Changes in Net Pension Liability and Related Parties*
- Δ *Texas Municipal Retirement System – Schedule of Contributions*
- Δ *Post-Retirement Health Care Benefit Plan Other Post-Employment Benefits (OPEB) – Schedule of Changes in Total OPEB Liability and Related Ratios*
- Δ *Supplemental Death Benefit Plan Other Post-Employment Benefits (OPEB) – Schedule of Changes in Total OPEB Liability and Related Ratios*
- Δ *Post-Retirement Health Care Benefit Plan Other Post-Employment Benefits (OPEB) – Schedule of Contributions*

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Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)

	2024	2023	2022	2021	2020
Total Pension Liability					
Service Cost	\$ 6,500,521	\$ 5,643,389	\$ 5,082,518	\$ 5,473,264	\$ 5,125,439
Interest (on the Total Pension Liability)	15,511,174	14,513,940	13,781,987	13,195,952	12,500,119
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	3,517,540	3,653,312	614,840	(1,314,974)	(70,448)
Changes of assumption	(1,126,443)	-	-	-	213,516
Benefit payments, including refunds of employee contributions	(9,795,191)	(9,135,566)	(8,696,472)	(8,257,271)	(7,010,545)
Net change in Total Pension Liability	14,607,601	14,675,075	10,782,873	9,096,971	10,758,081
Total Pension Liability - Beginning	231,442,503	216,767,428	205,984,555	196,887,584	186,129,503
Total Pension Liability - Ending (a)	\$ 246,050,104	\$ 231,442,503	\$ 216,767,428	\$ 205,984,555	\$ 196,887,584
Plan Fiduciary Net Position					
Contributions - Employer	\$ 6,455,585	\$ 5,601,034	\$ 5,156,597	\$ 5,458,074	\$ 5,205,992
Contributions - Employee	2,621,178	2,280,815	2,054,138	2,221,035	2,088,363
Net investment income/(loss)	21,875,163	(14,983,763)	23,859,984	12,958,264	22,839,170
Benefit payments, including refunds of employee contributions	(9,795,191)	(9,135,566)	(8,696,472)	(8,257,271)	(7,010,545)
Administrative expense	(139,121)	(129,591)	(110,319)	(83,793)	(128,944)
Other	(970)	154,641	755	(3,269)	(3,874)
Net change in Plan Fiduciary Net Position	21,016,644	(16,212,430)	22,264,683	12,293,040	22,990,162
Plan Fiduciary Net Position - Beginning	188,944,860	205,157,290	182,892,607	170,599,567	147,609,405
Plan Fiduciary Net Position - Ending (b)	\$ 209,961,504	\$ 188,944,860	\$ 205,157,290	\$ 182,892,607	\$ 170,599,567
Net Pension Liability - Ending (a) - (b)	\$ 36,088,600	\$ 42,497,643	\$ 11,610,138	\$ 23,091,948	\$ 26,288,017
Plan Fiduciary Net Position as a Percentage of					
Total Pension Liability	85.33%	81.64%	94.64%	88.79%	86.65%
Covered Payroll	\$ 37,445,399	\$ 32,583,078	\$ 29,344,790	\$ 31,729,066	\$ 29,833,757
Net Pension Liability as a Percentage of					
Covered Payroll	96.38%	130.43%	39.56%	72.78%	88.12%

- Continued

Notes to Schedule on following page.

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Texas Municipal Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited) - Continued

	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 5,167,067	\$ 5,012,363	\$ 4,650,032	\$ 3,748,945	\$ 3,426,900
Interest (on the Total Pension Liability)	11,782,619	11,071,786	10,390,015	10,202,003	8,988,969
Changes of benefit terms	-	-	-	12,418,650	-
Difference between expected and actual experience	(95,940)	(288,240)	263,997	(976,625)	(2,363,903)
Changes of assumption	-	-	-	119,380	-
Benefit payments, including refunds of employee contributions	(5,396,042)	(5,288,768)	(5,481,024)	(5,240,997)	(5,364,164)
Net change in Total Pension Liability	11,457,704	10,507,141	9,823,020	20,271,356	4,687,802
Total Pension Liability - Beginning	174,671,799	164,164,658	154,341,638	134,070,282	129,382,480
Total Pension Liability - Ending (a)	<u>\$ 186,129,503</u>	<u>\$ 174,671,799</u>	<u>\$ 164,164,658</u>	<u>\$ 154,341,638</u>	<u>\$ 134,070,282</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 6,226,287	\$ 5,100,618	\$ 4,685,031	\$ 3,483,411	\$ 3,597,481
Contributions - Employee	2,102,878	2,035,182	1,884,784	1,840,296	1,798,743
Net investment income/(loss)	(4,472,781)	17,958,987	8,139,141	177,458	6,509,426
Benefit payments, including refunds of employee contributions	(5,396,042)	(5,288,768)	(5,481,024)	(5,240,997)	(5,364,164)
Administrative expense	(86,399)	(93,038)	(91,896)	(108,080)	(67,960)
Other	(4,513)	(4,715)	(4,951)	(5,338)	(5,587)
Net change in Plan Fiduciary Net Position	(1,630,570)	19,708,266	9,131,085	146,750	6,467,939
Plan Fiduciary Net Position - Beginning	149,239,975	129,531,709	120,400,624	120,253,874	113,785,935
Plan Fiduciary Net Position - Ending (b)	<u>\$ 147,609,405</u>	<u>\$ 149,239,975</u>	<u>\$ 129,531,709</u>	<u>\$ 120,400,624</u>	<u>\$ 120,253,874</u>
Net Pension Liability - Ending (a) - (b)	\$ 38,520,098	\$ 25,431,824	\$ 34,632,949	\$ 33,941,014	\$ 13,816,408
Plan Fiduciary Net Position as a Percentage of					
Total Pension Liability	79.30%	85.44%	78.90%	78.01%	89.69%
Covered Payroll	\$ 30,041,089	\$ 29,074,029	\$ 26,925,490	\$ 26,289,939	\$ 25,696,323
Net Pension Liability as a Percentage of					
Covered Payroll	128.22%	87.47%	128.63%	129.10%	53.77%

Notes to Schedule:

- (1) Schedule is intended to show 10 years.
- (2) Annual numbers reflect calendar year numbers from TMRS and are reported per the Public Utilities Board's fiscal year in effect at the December 31st reporting period.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Texas Municipal Retirement System Schedule of Contributions (Unaudited)

Last Ten Fiscal Years

Year Ended <u>September 30</u>	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	3,534,419	3,534,419	-	26,333,524	13.42%
2016	4,399,028	4,399,028	-	26,450,688	16.63%
2017	5,074,953	5,074,953	-	28,681,837	17.69%
2018	5,352,822	6,252,822	(900,000)	29,930,515	20.89%
2019	5,274,313	5,274,313	-	29,772,203	17.72%
2020	5,340,253	5,340,253	-	30,563,032	17.47%
2021	5,171,612	5,171,612	-	29,181,849	17.72%
2022	5,837,658	5,837,658	-	33,252,508	17.56%
2023	6,345,978	6,345,978	-	36,021,291	17.62%
2024	7,370,069	7,370,069	-	39,869,742	18.49%

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

- Notes to Schedule
- (1) Increased municipal matching ratio from 1.5-1 to 2-1 in FY 2016.
 - (2) There were no benefit changes during this year.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Post-Retirement Health Care Benefit Plan
Other Post-Employment Benefits (OPEB)

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)

	2024	2023	2022	2021	2020
Total OPEB Liability					
Service cost	\$ 484,332	\$ 765,841	\$ 975,949	\$ 985,022	\$ 1,025,733
Interest on the total OPEB liability	828,533	604,241	520,635	492,616	706,142
Effect of economic/demographic gains/(losses)	2,329,708	530,718	(3,831,963)	-	(4,442,918)
Effect of assumption changes or inputs	(1,092,334)	(3,013,111)	(4,370,806)	119,780	(871,449)
Benefit payments	(906,025)	(1,111,303)	(1,073,320)	(612,621)	(652,891)
Net change in total OPEB liability	1,644,214	(2,223,614)	(7,779,505)	984,797	(4,235,383)
Total OPEB liability - beginning	12,591,573	14,815,187	22,594,692	21,609,895	-
Total OPEB liability - ending (a)	<u>\$ 14,235,787</u>	<u>\$ 12,591,573</u>	<u>\$ 14,815,187</u>	<u>\$ 22,594,692</u>	<u>\$ (4,235,383)</u>
Fiduciary Net Position					
Employer contributions	\$ -	\$ 13,306,413	\$ 1,073,320	\$ 612,621	\$ 652,891
Net investment income	3,042,265	(111,890)	-	-	-
Benefit payments	(294,001.00)	-	(1,073,320)	(612,621)	(652,891)
Net change in plan fiduciary net position	2,748,264	13,194,523	-	-	-
Fiduciary net position, beginning	13,194,523	-	-	-	-
Fiduciary net position, ending (b)	<u>\$ 15,942,787</u>	<u>\$ 13,194,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB (asset)/liability, ending (a) - (b)	\$ (1,707,000)	\$ (602,950)	\$ 14,815,187	\$ 22,594,692	\$ 21,609,895
Fiduciary net position as a % of total OPEB liability	111.99%	104.79%	N/A	N/A	N/A
Covered Employee Payroll	\$ 36,508,659	\$ 32,645,032	\$ 31,090,507	\$ 28,430,870	\$ 27,846,102
Net OPEB (asset)/liability as a % of covered employee payroll	-4.68%	-1.85%	47.65%	79.47%	-15.21%

- Continued

Notes to Schedule on following page.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Post-Retirement Health Care Benefit Plan

Other Post-Employment Benefits (OPEB)

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited) - Continued

	2019	2018	2017	2016	2015
Total OPEB Liability					
Service cost	\$ 969,822	\$ 1,039,213	N/A	N/A	N/A
Interest on the total OPEB liability	893,577	773,872	N/A	N/A	N/A
Effect of economic/demographic gains/(losses)	-	-	N/A	N/A	N/A
Effect of assumption changes or inputs	3,909,580	(1,099,772)	N/A	N/A	N/A
Benefit payments	(663,861)	(392,840)	N/A	N/A	N/A
Net change in total OPEB liability	5,109,118	320,473	N/A	N/A	N/A
Total OPEB liability - beginning	20,736,160	20,415,687	N/A	N/A	N/A
Total OPEB liability - ending (a)	<u>\$ 25,845,278</u>	<u>\$ 20,736,160</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary Net Position					
Employer contributions	\$ 663,861	\$ 392,840	N/A	N/A	N/A
Net investment income	-	-	N/A	N/A	N/A
Benefit payments	(663,861)	(392,840)	N/A	N/A	N/A
Net change in plan fiduciary net position	-	-	N/A	N/A	N/A
Fiduciary net position, beginning	-	-	N/A	N/A	N/A
Fiduciary net position, ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net OPEB (asset)/liability, ending (a) - (b)	\$ 25,845,278	\$ 20,736,160	N/A	N/A	N/A
Fiduciary net position as a % of total OPEB liability	N/A	N/A	N/A	N/A	N/A
Covered Employee Payroll	\$ 28,898,143	\$ 28,303,764	N/A	N/A	N/A
Net OPEB (asset)/liability as a % of covered employee payroll	89.44%	73.26%	N/A	N/A	N/A

Notes to Schedule:

- (1) This schedule is presented to illustrate the requirements to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported. Additional years will be presented as information becomes available.
- (2) An irrevocable OPEB trust was created in May 2023 to begin funding plan benefits.
- (3) Changes of assumptions and other inputs reflect the effects of changes in the discount rate, election, demographic and health assumptions each period, as needed.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Supplemental Death Benefit Plan
Other Post-Employment Benefits (OPEB)

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)

	2024	2023	2022	2021	2020
Total OPEB Liability					
Service Cost	\$ 56,168	\$ 114,041	\$ 90,969	\$ 79,323	\$ 53,701
Interest (on the Total OPEB Liability)	65,658	43,130	44,877	51,803	60,018
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	20,779	41,382	(66,925)	(39,704)	(130,320)
Changes of assumption	84,648	(830,814)	69,233	294,277	285,195
Benefit payments **	(71,146)	(52,133)	(46,952)	(15,865)	(14,917)
Net change in Total OPEB Liability	156,107	(684,394)	91,202	369,834	253,677
Total OPEB Liability - Beginning	\$ 1,628,667	\$ 2,313,061	\$ 2,221,859	253,677	-
Total OPEB Liability - Ending	<u>1,784,774</u>	<u>1,628,667</u>	<u>2,313,061</u>	<u>\$ 623,511</u>	<u>\$ 253,677</u>
 Covered Employee Payroll	 \$ 37,445,399	 \$ 32,583,078	 \$ 29,344,790	 \$ 31,729,066	 \$ 29,833,757
Total OPEB Liability as a Percentage of Covered Employee Payroll	4.77%	5.00%	7.88%	7.00%	6.21%

- Continued

Notes to Schedule on following page.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Supplemental Death Benefit Plan
Other Post-Employment Benefits (OPEB)

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited) - Continued

	2019	2018	2017	2016	2015
Total OPEB Liability					
Service Cost	\$ 60,082	\$ 49,426	N/A	N/A	N/A
Interest (on the Total OPEB Liability)	52,641	52,052	N/A	N/A	N/A
Changes of benefit terms	-	-	N/A	N/A	N/A
Difference between expected and actual experience	42,721	-	N/A	N/A	N/A
Changes of assumption	(108,407)	124,250	N/A	N/A	N/A
Benefit payments	(18,025)	(17,444)	N/A	N/A	N/A
Net change in Total OPEB Liability	29,012	208,284	N/A	N/A	N/A
Total OPEB Liability - Beginning	1,569,336	1,361,052	N/A	N/A	N/A
Total OPEB Liability - Ending	<u>\$ 1,598,348</u>	<u>\$ 1,569,336</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered Employee Payroll	\$ 30,041,089	\$ 29,074,029	N/A	N/A	N/A
Total OPEB Liability as a Percentage of Covered Employee Payroll	5.32%	5.40%	N/A	N/A	N/A

Notes to Schedule:

- (1) This schedule is presented to illustrate the requirements to show information for 10 years. Additional years will be presented as they become available.
- (2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
- (3) Due to the SDBF being considered an unfunded OPEB plan under GASB Statement No. 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.
- (4) Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SDBF benefit (i.e. excludes beneficiaries, non-vested terminations due a refund, etc.).
- (5) **Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SDBF benefit (i.e. excludes beneficiaries, non-vested terminations due a refund, etc.).

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Post-Retirement Health Care Benefit Plan Other Post-Employment Benefits (OPEB) Schedule of Contributions (Unaudited)

Last Ten Fiscal Years

Year Ended September 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2015	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A
2018	N/A	392,840	N/A	28,303,764	1.39%
2019	N/A	663,861	N/A	28,898,143	2.30%
2020	N/A	652,891	N/A	27,846,102	2.34%
2021	N/A	612,621	N/A	28,430,870	2.15%
2022	N/A	1,073,320	N/A	31,090,507	3.45%
2023	2,594,201	13,306,413	(10,712,212)	32,645,032	40.76%
2024	-	-	-	36,508,659	0.00%

Notes to Schedule

Valuation Timing:

Actuarial valuations for funding purposes are performed biennially as of October 1.
The most recent valuation was performed as of October 1, 2023.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Amortization Period at Oct 1, 2023	10 years
Amortization Growth Rate	0.00%
Asset Valuation Method	Market Value
Inflation	2.30%
Salary Increases	Varies by service
Discount Rate (Expected Return on Assets)	6.86%
Healthcare Cost Trend Rates	Varies by year
Retirement Rates	Varies by age
Withdrawal Rates	Varies by service and years from retirement
Disability Rates	Varies by age
Mortality	Pub-2010 Mortality (headcount weighted) for Employees, Healthy Annuitants, and Contingent Annuitants projected forward (fully generational) with MP-2021

STATISTICAL SECTION

This part of the Public Utilities Board's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about the Public Utilities Board's overall financial health.

Contents	Page
Financial Trends	67-70
These schedules contain trend information to help the reader understand how the Public Utilities Board's financial performance and well being has changed over time.	
Revenue Capacity	71-75
These schedules contain information to help the reader assess the Public Utilities Board's local revenue source.	
Debt Capacity	76-79
These schedules present information to help the reader assess the Public Utilities Board's debt burden and its ability to issue additional debt in the future.	
Demographic and Economic Information	80-81
This schedule offers demographic and economic indicators to help the reader understand the environment in which the Public Utilities Board's financial activities take place.	
Operating Information	82-98
These schedules contain service and infrastructure data to help the reader understand how the information in the Public Utilities Board's financial report relates to the services Public Utilities Board provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules was obtained from the basic financial statements for the relevant years. Public Utilities Board implemented GASB Statement No. 34 in 2002.

FINANCIAL TRENDS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Dollars In Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net position:					
Net investment in capital assets	\$306,972	\$294,811	\$282,249	\$260,939	\$298,269
Restricted	185,851	150,579	155,081	157,728	153,902
Unrestricted	<u>6,848</u>	<u>29,984</u>	<u>28,247</u>	<u>12,053</u>	<u>27,954</u>
Total net position	<u>\$499,671</u>	<u>\$475,374</u>	<u>\$465,576</u>	<u>\$430,720</u>	<u>\$480,125</u>

- Continued

FINANCIAL TRENDS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS - continued
(Dollars In Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net position:					
Net investment in capital assets	\$301,903	\$323,271	\$311,667	\$310,655	\$308,012
Restricted	154,411	149,429	149,407	143,796	117,120
Unrestricted	<u>13,509</u>	<u>10,830</u>	<u>15,189</u>	<u>28,810</u>	<u>50,967</u>
Total net position	<u>\$469,824</u>	<u>\$483,530</u>	<u>\$476,263</u>	<u>\$483,261</u>	<u>\$476,099</u>

FINANCIAL TRENDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Dollars In Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues:					
Sales and services charges	\$246,219	\$279,751	\$288,873	\$460,930	\$223,462
Less rate stabilization	(9,492)	(1,500)	(15,400)	(143,387)	(20,400)
Less utilities service to the City of Brownsville, Texas	(6,089)	(6,053)	(5,512)	(4,587)	(4,571)
Total operating revenues	<u>230,637</u>	<u>272,198</u>	<u>267,961</u>	<u>312,956</u>	<u>198,491</u>
Operating expenses:					
Purchased power and fuel	79,293	104,615	109,408	209,099	65,997
Personnel services	56,993	50,684	38,132	40,975	42,600
Materials and supplies	10,333	10,544	9,133	7,563	7,549
Repairs and maintenance	3,486	5,118	4,843	3,576	3,949
Contractual and other services	26,242	24,347	24,500	22,544	21,712
Depreciation	30,109	29,166	29,354	28,489	46,972
Total operating expenses	<u>206,457</u>	<u>224,474</u>	<u>215,371</u>	<u>312,246</u>	<u>188,778</u>
Operating income	<u>24,180</u>	<u>47,724</u>	<u>52,590</u>	<u>710</u>	<u>9,712</u>
Nonoperating revenues (expenses):					
Investment and interest income	14,772	9,646	1,598	310	2,640
Interest expense	(11,717)	(11,995)	(11,175)	(11,115)	(11,970)
Gain on retirement of assets	-	-	-	-	-
Gain (Loss) on disposition of capital assets	(637)	(938)	(639)	(26,411)	17,146
Other	2,047	3,182	1,985	2,255	(513)
Project Abandonment	-	(31,355)	(5,170)	-	-
Other payments to the City of Brownsville	-	-	-	-	(2,250)
Payments to City of Brownsville	<u>(11,394)</u>	<u>(12,056)</u>	<u>(12,478)</u>	<u>(20,524)</u>	<u>(11,170)</u>
Net nonoperating revenues (expenses)	<u>(6,928)</u>	<u>(43,516)</u>	<u>(25,879)</u>	<u>(55,486)</u>	<u>(6,117)</u>
Income (Loss) before capital contributions	17,251	4,208	26,711	(54,777)	3,595
Capital contributions	<u>7,046</u>	<u>5,590</u>	<u>8,146</u>	<u>5,371</u>	<u>6,706</u>
Change in net position	24,297	9,798	34,857	(49,405)	10,301
Net position, beginning of year	475,374	465,576	430,720	480,125	469,824
Prior Period Adjustment	-	-	-	-	-
Net position, beginning of year as restated	<u>475,374</u>	<u>465,576</u>	<u>430,720</u>	<u>480,125</u>	<u>469,824</u>
Net position, end of year	<u>\$499,671</u>	<u>\$475,374</u>	<u>\$465,576</u>	<u>\$430,720</u>	<u>\$480,125</u>

Notes:

The unusually high purchased power and fuel costs in FY21 are attributable to the Winter Storm URI event in February 2021. The negative change in net position for FY19 is attributable to the write off of pre-development costs for Tenaska of \$9.3 million and the accelerated depreciation of the Oklaunion Power Station of \$17.1 million.

- Continued

FINANCIAL TRENDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - continued
(Dollars In Thousands)

	2019	2018	2017	2016	2015
Operating revenues:					
Sales and services charges	\$232,301	\$224,167	\$220,878	\$207,550	\$207,767
Less rate stabilization	(21,500)	(25,900)	(24,200)	(10,525)	
Less utilities service to the City of Brownsville, Texas	(4,488)	(4,549)	(4,629)	(4,804)	(4,810)
Total operating revenues	<u>206,313</u>	<u>193,720</u>	<u>192,048</u>	<u>192,221</u>	<u>202,957</u>
Operating expenses:					
Purchased power and fuel	70,464	63,091	62,733	55,452	65,221
Personnel services	45,043	41,105	40,868	49,077	33,303
Materials and supplies	7,583	8,278	7,791	6,961	7,347
Repairs and maintenance	3,783	4,540	2,269	2,666	2,983
Contractual and other services	20,984	26,132	23,753	24,443	21,522
Depreciation	48,890	30,786	30,194	29,064	29,507
Total operating expenses	<u>196,747</u>	<u>173,932</u>	<u>167,608</u>	<u>167,663</u>	<u>159,883</u>
Operating income	<u>9,566</u>	<u>19,788</u>	<u>24,440</u>	<u>24,558</u>	<u>43,074</u>
Nonoperating revenues (expenses):					
Investment and interest income	5,184	3,329	1,703	1,202	841
Interest expense	(12,780)	(13,260)	(13,812)	(14,743)	(14,509)
Gain on retirement of assets	-	-	-	-	-
Gain (Loss) on disposition of capital assets	(927)	282	(3,357)	(1,019)	(3,578)
Other	2,070	1,252	65)	457	1,599
Project Abandonment	(9,341)	-	-	-	-
Other payments to the City of Brownsville	-	-	-	-	-
Payments to City of Brownsville	(11,878)	(11,090)	(10,666)	(9,823)	(9,040)
Net nonoperating revenues (expenses)	<u>(27,672)</u>	<u>(19,487)</u>	<u>(26,067)</u>	<u>(23,926)</u>	<u>(24,687)</u>
Income (Loss) before capital contributions	(18,106)	301	(1,627)	632	18,387
Capital contributions	<u>4,400</u>	<u>6,968</u>	<u>6,885</u>	<u>6,528</u>	<u>12,965</u>
Change in net position	(13,706)	7,269	5,258	7,160	31,352
Net position, beginning of year	483,530	476,263	483,261	476,099	457,590
Prior Period Adjustment	-	-	(12,257)	-	(12,843)
Net position, beginning of year as restated	<u>483,530</u>	<u>476,263</u>	<u>471,004</u>	<u>476,099</u>	<u>444,747</u>
Net position, end of year	<u>\$469,824</u>	<u>\$483,530</u>	<u>\$476,263</u>	<u>\$483,261</u>	<u>\$476,099</u>

REVENUE CAPACITY
AVERAGE NUMBER OF SERVICES BILLED BY UTILITY¹
LAST TEN YEARS

FY	ELECTRIC	% CHANGE	WATER	% CHANGE	WASTEWATER	% CHANGE
2024	54,122	1.85%	55,469	2.13%	56,224	2.12%
2023	53,138	1.39%	54,310	1.32%	55,056	1.32%
2022	52,410	0.77%	53,601	0.92%	54,339	0.88%
2021	52,008	1.17%	53,114	1.50%	53,863	1.48%
2020	51,406	2.38%	52,331	1.73%	53,075	1.80%
2019	50,209	1.52%	51,441	1.32%	52,137	1.50%
2018	49,455	1.50%	50,771	1.23%	51,366	2.06%
2017	48,726	1.10%	50,153	1.12%	50,329	1.28%
2016	48,196	1.10%	49,598	1.23%	49,693	1.33%
2015	47,671	0.91%	48,997	1.00%	49,041	1.06%

¹Municipal customers not included in average number of services billed

REVENUE CAPACITY
REVENUES BY UTILITY - LAST TEN YEARS ¹

	2024	2023	2022	2021	2020
ELECTRIC					
Residential	\$ 70,420,590	\$ 85,328,299	\$ 94,720,591	\$ 130,557,180	\$ 70,894,750
Commercial	67,910,976	82,093,661	90,134,067	130,478,792	68,041,652
Municipal	4,701,605	4,666,211	4,223,052	3,430,888	3,418,381
Wholesale sales	18,411,059	27,979,507	28,006,570	136,108,799	16,110,955
Other	13,888,282	14,311,382	15,917,898	9,006,739	14,369,813
<i>Total Electric Operating Revenues</i>	<u>\$ 175,332,512</u>	<u>\$ 214,379,060</u>	<u>\$ 233,002,178</u>	<u>\$ 409,582,398</u>	<u>\$ 172,835,551</u>
WATER					
Inside city	\$ 30,052,177	\$ 28,810,658	\$ 25,612,397	\$ 24,279,840	\$ 24,086,514
Outside city	2,736,612	1,655,285	1,225,461	953,694	909,574
Municipal	791,422	783,093	751,795	717,593	734,648
Other	5,327,553	4,647,931	2,244,320	1,063,842	653,579
Southmost Regional Water Authority	553,840	573,642	476,655	421,309	489,168
<i>Total Water Operating Revenues</i>	<u>\$ 39,461,604</u>	<u>\$ 36,470,609</u>	<u>\$ 30,310,628</u>	<u>\$ 27,436,278</u>	<u>\$ 26,873,483</u>
WASTEWATER					
Residential	\$ 17,671,284	\$ 16,588,762	\$ 14,689,739	\$ 14,161,526	\$ 14,378,518
Commercial	10,445,909	9,476,838	8,116,735	7,182,523	7,065,343
Municipal	596,384	604,121	537,454	438,520	417,803
Outside city	1,966,499	1,819,776	1,615,702	1,563,609	1,558,927
Other	744,490	411,906	600,382	565,217	332,019
<i>Total Wastewater Operating Revenues</i>	<u>\$ 31,424,566</u>	<u>\$ 28,901,403</u>	<u>\$ 25,560,012</u>	<u>\$ 23,911,395</u>	<u>\$ 23,752,610</u>
TOTAL SALES AND SERVICE CHARGES	<u><u>\$ 246,218,682</u></u>	<u><u>\$ 279,751,072</u></u>	<u><u>\$ 288,872,819</u></u>	<u><u>\$ 460,930,071</u></u>	<u><u>\$ 223,461,644</u></u>
	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
ELECTRIC					
Residential	\$ 72,375,771	\$ 73,026,444	\$ 71,288,035	\$ 63,681,205	\$ 64,980,210
Commercial	74,732,579	74,781,316	74,770,246	68,559,278	71,696,062
Municipal	3,527,745	3,579,766	3,630,779	3,846,235	4,035,358
Wholesale sales	22,575,496	11,067,351	9,348,488	16,397,987	12,182,728
Other	9,392,170	11,222,724	11,593,857	7,458,124	9,325,630
<i>Total Electric Operating Revenues</i>	<u>\$ 182,603,761</u>	<u>\$ 173,677,601</u>	<u>\$ 170,631,405</u>	<u>\$ 159,942,829</u>	<u>\$ 162,219,988</u>
WATER					
Inside city	\$ 23,472,024	\$ 24,048,925	\$ 23,879,301	\$ 21,796,229	\$ 20,340,255
Outside city	872,649	848,947	873,877	811,938	777,023
Municipal	632,528	643,536	668,247	624,615	514,875
Other	1,019,821	998,603	1,029,823	1,111,918	1,342,068
Southmost Regional Water Authority	489,743	490,392	480,808	466,928	447,797
<i>Total Water Operating Revenues</i>	<u>\$ 26,486,765</u>	<u>\$ 27,030,403</u>	<u>\$ 26,932,056</u>	<u>\$ 24,811,628</u>	<u>\$ 23,422,018</u>
WASTEWATER					
Residential	\$ 13,616,485	\$ 14,033,891	\$ 14,021,992	\$ 13,728,898	\$ 13,251,741
Commercial	7,236,716	7,129,594	7,141,687	6,949,099	6,841,017
Municipal	327,825	325,425	330,087	333,262	259,508
Outside city	1,501,463	1,416,201	1,258,935	1,208,890	1,181,106
Other	528,182	554,186	561,340	575,617	592,120
<i>Total Wastewater Operating Revenues</i>	<u>\$ 23,210,671</u>	<u>\$ 23,459,297</u>	<u>\$ 23,314,041</u>	<u>\$ 22,795,766</u>	<u>\$ 22,125,492</u>
TOTAL SALES AND SERVICES CHARGES	<u><u>\$ 232,301,197</u></u>	<u><u>\$ 224,167,301</u></u>	<u><u>\$ 220,877,502</u></u>	<u><u>\$ 207,550,223</u></u>	<u><u>\$ 207,767,498</u></u>

¹ Excludes Brownsville Public Utilities Board's usage

Note: The extraordinarily high Electric revenues in FY21 are primarily attributable to the Winter Storm URI event in February 2021.

REVENUE CAPACITY
UNIT SALES BY UTILITY - LAST TEN YEARS ¹

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
ELECTRIC SERVICE (kWh)					
Residential	640,941,026	640,406,620	647,681,947	619,603,668	602,596,573
Commercial Non-Demand	147,654,280	144,560,536	143,203,126	133,499,924	133,567,871
Municipal	38,062,404	40,128,602	38,329,563	37,205,368	37,050,431
Commercial Demand	539,240,122	523,556,210	524,407,077	509,752,301	514,989,472
Other	1,055,252	1,021,290	1,820,521	2,210,581	2,251,157
<i>Total Electric Unit Sales</i>	<u>1,366,953,084</u>	<u>1,349,673,258</u>	<u>1,355,442,234</u>	<u>1,302,271,842</u>	<u>1,290,455,504</u>

WATER SERVICE - 1,000 GALLONS					
Inside City	5,683,903	5,738,088	5,768,423	5,660,788	5,730,053
Outside City	187,447	171,981	171,177	173,261	162,528
Municipal	161,907	173,777	191,773	191,742	197,883
Other	595,873	612,248	540,387	618,991	569,787
<i>Total Water Unit Sales</i>	<u>6,629,130</u>	<u>6,696,094</u>	<u>6,671,760</u>	<u>6,644,782</u>	<u>6,660,251</u>

WASTEWATER SERVICE - 1,000 GALLONS					
Residential	2,635,436	2,695,564	2,753,064	2,786,357	2,807,846
Commercial	1,875,213	1,849,335	1,781,081	1,657,372	1,642,002
Municipal	113,551	126,580	126,578	107,158	101,107
Outside City	111,772	112,860	116,110	116,262	116,852
Other	-	-	-	-	-
<i>Total Wastewater Unit Sales</i>	<u>4,735,972</u>	<u>4,784,339</u>	<u>4,776,833</u>	<u>4,667,149</u>	<u>4,667,807</u>

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
ELECTRIC SERVICE					
Residential	574,129,413	588,862,015	578,938,532	564,931,382	551,304,652
Commercial Non-Demand	136,405,829	136,319,294	139,381,802	135,844,893	128,892,385
Municipal	38,460,445	39,237,875	39,785,043	39,500,507	38,995,522
Commercial Demand	538,476,727	552,028,532	560,113,317	557,349,627	554,994,514
Other	2,266,542	2,390,778	2,478,672	2,403,423	2,227,059
<i>Total Electric Unit Sales</i>	<u>1,289,738,956</u>	<u>1,318,838,494</u>	<u>1,320,697,366</u>	<u>1,300,029,832</u>	<u>1,276,414,132</u>

WATER SERVICE					
Inside City	5,435,140	5,743,114	5,832,446	5,560,741	5,281,931
Outside City	151,259	158,189	157,297	155,104	148,956
Municipal	157,429	162,477	167,724	158,741	122,006
Other	552,631	588,476	525,154	465,077	461,178
<i>Total Water Unit Sales</i>	<u>6,296,459</u>	<u>6,652,256</u>	<u>6,682,621</u>	<u>6,339,663</u>	<u>6,014,071</u>

WASTEWATER SERVICE					
Residential	2,592,457	2,745,874	2,804,793	2,709,033	2,554,154
Commercial	1,656,999	1,649,892	1,662,288	1,601,296	1,560,177
Municipal	76,897	76,447	77,545	78,448	58,998
Outside City	107,474	111,471	123,065	111,277	106,175
Other	-	-	-	-	-
<i>Total Wastewater Unit Sales</i>	<u>4,433,827</u>	<u>4,583,684</u>	<u>4,667,691</u>	<u>4,500,054</u>	<u>4,279,504</u>

¹ Excludes Brownsville Public Utilities Board's usage

**REVENUE CAPACITY
TEN YEAR RATE ANALYSIS
RESIDENTIAL RATES**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
ELECTRIC ¹										
Customer Service Charge	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.49	\$ 6.01
Energy Charge										
First 500 kWh	0.04862	0.04862	0.05141	0.05420	0.05420	0.05420	0.05420	0.05420	0.05241	0.05022
Over 500 kWh	0.05964	0.05964	0.06826	0.07688	0.07688	0.07688	0.07688	0.07688	0.07058	0.06458
Fuel & Purchased Power	0.05019	0.05658	0.08093	0.02952	0.02952	0.02952	0.02952	0.02952	0.03401	0.04500
WATER (Inside City) ²										
0-3,000 gallons	2.45	2.31	2.14	1.98	1.98	1.98	1.98	1.98	1.87	1.80
4,000-9,000 gallons	2.71	2.55	2.37	2.19	2.19	2.19	2.19	2.19	2.07	1.99
10,000 to 16,000 gallons	3.34	3.15	2.92	2.70	2.70	2.70	2.70	2.70	2.55	2.45
Over 16,000 gallons	5.04	4.76	4.41	4.08	4.08	4.08	4.08	4.08	3.85	3.70
Customer Service Charge										
5/8 x 3/4 Water Meter Size	14.90	14.06	13.02	12.06	12.06	12.06	12.06	12.06	11.38	10.94
WATER (Outside City) ²										
0-3,000 gallons	3.67	3.46	3.21	2.97	2.97	2.97	2.97	2.97	2.81	2.70
4,000-9,000 gallons	4.07	3.84	3.55	3.29	3.29	3.29	3.29	3.29	3.11	2.98
10,000 to 16,000 gallons	5.01	4.72	4.37	4.05	4.05	4.05	4.05	4.05	3.83	3.68
Over 16,000 gallons	7.57	7.14	6.61	6.12	6.12	6.12	6.12	6.12	5.78	5.55
Resaca Fee	10.00	6.25	4.50	-	-	-	-	-	-	-
Customer Service Charge										
5/8 x 3/4 Water Meter Size	22.41	21.14	19.57	18.12	18.12	18.12	18.12	18.12	17.09	16.43
SEWER (Inside City) ³										
0-7,000 gallons	4.44	4.08	3.74	3.43	3.43	3.43	3.43	3.43	3.43	3.43
over 7,000 gallons	4.87	4.47	4.10	3.76	3.76	3.76	3.76	3.76	3.76	3.76
Customer Service Charge										
5/8 x 3/4 Water Meter Size	9.68	8.88	8.15	7.48	7.48	7.48	7.48	7.48	7.48	7.48
SEWER (Outside City)										
Rate per 1,000 gallons	7.32	6.71	6.16	5.65	5.65	5.65	5.65	5.65	5.65	5.65
Customer Service Charge										
5/8 x 3/4 Water Meter Size	14.53	13.33	12.23	11.22	11.22	11.22	11.22	11.22	11.22	11.22

¹ Electric rates were tiered effective fiscal year 2012.

² Water rates were tiered effective fiscal year 2006.

³ Wastewater rates were tiered effective March 2007.

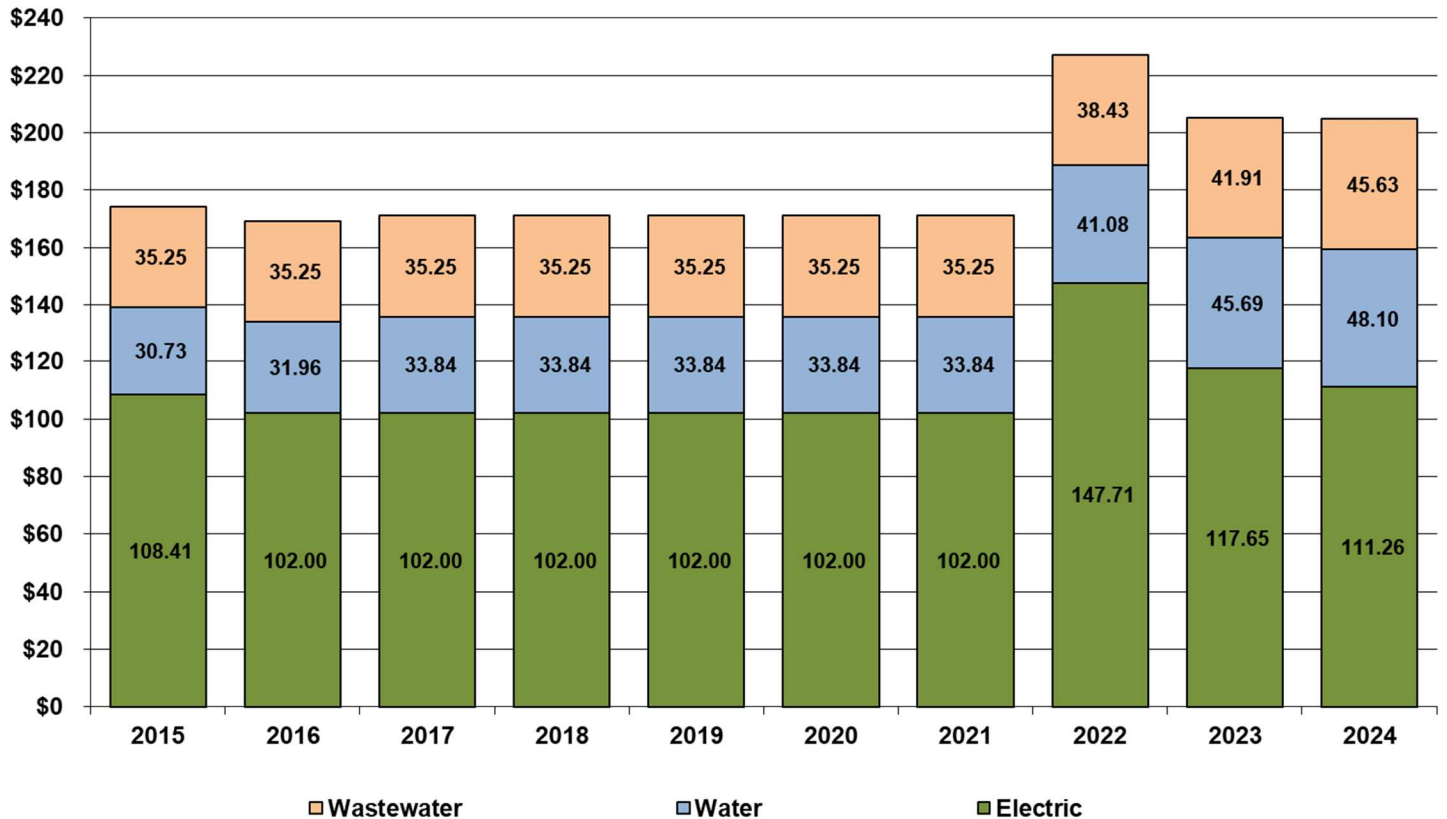
Note: The City Commission of the City of Brownsville, Texas is vested with the right to set utility rates.

**REVENUE CAPACITY
SYSTEM RATE INCREASES - LAST TEN YEARS**

	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>
2024	-	6.0%	9.0%
2023	-11.0%	8.0%	9.0%
2022	-11.0%	8.0%	9.0%
2021	-	-	-
2020	-	-	-
2019	-	-	-
2018	-	-	-
2017	7.0%	6.0%	-
2016	8.0%	4.0%	-
2015	7.0%	4.0%	4.0%



**REVENUE CAPACITY
Total Average Residential Monthly Charges
For the Month Ending September 30**
Based on 1,000 kWh of electric, 10,000 gallons of water,
and 8,000 gallons of wastewater consumption
(Inside City Limits)



**DEBT CAPACITY
PRINCIPAL PAYMENTS PAYABLE ON ALL DEBT ISSUES
THROUGH FY 2051**

Year End Sep 30,	PUB Revenue Improvement Refunding Bonds 2005A	PUB Revenue Refunding Bonds 2008	PUB Revenue Refunding Bonds 2013A	PUB Revenue Refunding Bonds 2015	PUB Revenue Refunding Bonds 2016	PUB Revenue Refunding Bonds 2018	PUB Revenue Refunding Bonds 2020	PUB Revenue Refunding Bonds 2020A
2025	\$ -	\$ -	\$ 9,150,000	\$ 3,655,000	\$ 3,565,000	\$ 1,650,000	\$ -	\$ -
2026	-	-	9,565,000	3,765,000	3,745,000	890,000	965,000	-
2027	-	-	-	3,970,000	3,930,000	885,000	785,000	10,105,000
2028	-	-	-	5,045,000	1,515,000	335,000	1,385,000	12,025,000
2029	-	-	-	5,280,000	1,580,000	350,000	1,895,000	11,800,000
2030	-	-	-	5,520,000	1,645,000	360,000	2,065,000	11,945,000
2031	100,000	-	-	5,675,000	1,705,000	380,000	2,245,000	12,105,000
2032	-	-	-	675,000	1,775,000	395,000	2,340,000	-
2033	-	100,000	-	705,000	1,850,000	310,000	2,460,000	-
2034	-	-	-	730,000	-	-	2,585,000	-
2035	-	-	-	760,000	-	-	2,680,000	-
2036	-	-	-	790,000	-	-	2,790,000	-
2037	-	-	-	825,000	-	-	2,880,000	-
2038	-	-	-	855,000	-	-	1,715,000	-
2039	-	-	-	890,000	-	-	1,765,000	-
2040	-	-	-	930,000	-	-	1,795,000	-
2041	-	-	-	965,000	-	-	1,840,000	-
2042	-	-	-	1,010,000	-	-	1,910,000	-
2043	-	-	-	1,050,000	-	-	1,990,000	-
2044	-	-	-	1,095,000	-	-	2,065,000	-
2045	-	-	-	1,145,000	-	-	2,150,000	-
2046	-	-	-	-	-	-	2,235,000	-
2047	-	-	-	-	-	-	2,305,000	-
2048	-	-	-	-	-	-	2,370,000	-
2049	-	-	-	-	-	-	2,445,000	-
2050	-	-	-	-	-	-	2,515,000	-
2051	-	-	-	-	-	-	-	-
	\$ 100,000	\$ 100,000	\$ 18,715,000	\$ 45,335,000	\$ 21,310,000	\$ 5,555,000	\$ 52,175,000	\$ 57,980,000

Debt Allocation By Utility

Electric	\$ 175,783,640
Water	51,083,741
Wastewater	45,527,619
Total Debt Capacity	<u>\$ 272,395,000</u>

Debt per Rate Payor

Electric	\$ 3,214
Water	\$ 914
Wastewater	\$ 808

- Continued

DEBT CAPACITY
PRINCIPAL PAYMENTS PAYABLE ON ALL DEBT ISSUES
THROUGH FY 2051 - continued

PUB Junior Lien Revenue Bonds 2012	PUB Revenue Refunding Bonds 2022	PUB Revenue Refunding Bonds 2022A	SRWA Water Supply Contract Refunding Bonds 2009A	SRWA Water Supply Contract Refunding Bonds 2009B	SRWA Water Supply Contract Refunding Bonds 2012	SRWA Water Supply Contract Refunding Bonds 2017	Total
\$ 45,000	\$ -	\$ -	\$ 310,000	\$ 230,000	\$ 1,190,000	\$ -	\$ 19,795,000
45,000	-	-	310,000	240,000	1,255,000	-	20,780,000
50,000	-	-	310,000	250,000	1,285,000	-	21,570,000
50,000	-	-	310,000	260,000	-	1,540,000	22,465,000
50,000	-	-	310,000	270,000	-	1,600,000	23,135,000
55,000	-	-	310,000	-	-	1,660,000	23,560,000
55,000	-	-	310,000	-	-	1,725,000	24,300,000
60,000	535,000	5,285,000	310,000	-	-	1,795,000	13,170,000
-	565,000	5,515,000	310,000	-	-	-	11,815,000
-	590,000	5,765,000	310,000	-	-	-	9,980,000
-	620,000	6,040,000	310,000	-	-	-	10,410,000
-	645,000	6,340,000	310,000	-	-	-	10,875,000
-	670,000	6,660,000	310,000	-	-	-	11,345,000
-	700,000	-	310,000	-	-	-	3,580,000
-	725,000	-	305,000	-	-	-	3,685,000
-	760,000	-	-	-	-	-	3,485,000
-	800,000	-	-	-	-	-	3,605,000
-	840,000	-	-	-	-	-	3,760,000
-	880,000	-	-	-	-	-	3,920,000
-	925,000	-	-	-	-	-	4,085,000
-	970,000	-	-	-	-	-	4,265,000
-	1,020,000	-	-	-	-	-	3,255,000
-	1,070,000	-	-	-	-	-	3,375,000
-	1,125,000	-	-	-	-	-	3,495,000
-	1,180,000	-	-	-	-	-	3,625,000
-	1,240,000	-	-	-	-	-	3,755,000
-	1,305,000	-	-	-	-	-	1,305,000
\$ 410,000	\$ 17,165,000	\$ 35,605,000	\$ 4,645,000	\$ 1,250,000	\$ 3,730,000	\$ 8,320,000	\$ 272,395,000

DEBT CAPACITY
COMPUTATION OF DEBT SERVICE COVERAGE - LAST TEN YEARS ^{1,2,3}

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
OPERATING INCOME	\$33,103,504	\$48,941,179	\$63,087,602	\$143,255,673	\$28,434,506
ADD:					
Depreciation Expense	28,749,699	27,820,958	28,054,517	27,205,210	45,684,434
Investment & Other Income	14,108,787	9,140,145	1,523,780	293,233	2,525,819
LESS:					
Interest on Construction Funds	(5,199,081)	(1,692,755)	(265,800)	(25,119)	(432,928)
NET AVAILABLE INCOME	<u>\$70,762,909</u>	<u>\$84,209,527</u>	<u>\$92,400,099</u>	<u>\$170,728,997</u>	<u>\$76,211,831</u>
DEBT SERVICE:					
Revenue Bonds Payable Current	\$18,065,000	\$17,585,000	\$18,420,000	\$16,870,000	\$14,545,000
Total Interest Expense	9,956,067	12,021,920	9,545,771	10,308,028	10,947,307
Commercial Paper Interest Expense	485,065	-	179,194	8,861	451,484
NET CASH DEBT SERVICE	<u>\$28,506,131</u>	<u>\$29,606,920</u>	<u>\$28,144,965</u>	<u>\$27,186,889</u>	<u>\$25,943,791</u>
DEBT SERVICE COVERAGE (TIMES)	2.48	2.84	3.28	6.28	2.94
	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
OPERATING INCOME	\$29,644,124	\$44,488,073	\$46,967,688	\$33,093,794	\$41,883,847
ADD:					
Depreciation Expense	47,613,572	29,536,134	28,949,302	28,132,537	28,642,402
Investment & Other Income	4,954,356	3,194,311	1,639,117	1,163,964	815,942
LESS:					
Interest on Construction Funds	(857,976)	(404,545)	(178,972)	(193,527)	(128,019)
NET AVAILABLE INCOME	<u>\$81,354,076</u>	<u>\$76,813,973</u>	<u>\$77,377,135</u>	<u>\$62,196,768</u>	<u>\$71,214,172</u>
DEBT SERVICE:					
Revenue Bonds Payable Current	\$13,870,000	\$13,456,000	\$12,914,000	\$12,173,000	\$12,066,000
Total Interest Expense	11,453,972	12,171,696	12,808,172	13,747,956	13,538,613
Commercial Paper Interest Expense	442,758	167,579	55,636	17,902	13,671
NET CASH DEBT SERVICE	<u>\$25,766,730</u>	<u>\$25,795,275</u>	<u>\$25,777,808</u>	<u>\$25,938,858</u>	<u>\$25,618,284</u>
DEBT SERVICE COVERAGE (TIMES)	3.16	2.98	3.00	2.40	2.78

¹ Excludes Southmost Regional Water Authority and fuel supplement paid from restricted fuel adjustment subaccount.

² Operating Income for FY2019 is restated and FY2020 is lower than in previous years due to a change in the reporting of the fuel supplement.

³ Operating Income in FY2021 is exceptionally high due to the Winter Storm Uri event in February 2021.

**DEBT CAPACITY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Revenue Bonds (1)	Capital Leases	Total Outstanding Debt	Percentage of Per Capita Income (2)	Population (3)	Debt Per Capita
2024	\$ 298,660,948	\$ -	\$ 298,660,948	7.36%	190,158	\$ 1,571
2023	\$ 321,181,408	\$ -	\$ 321,181,408	8.61%	189,382	\$ 1,696
2022	\$ 344,476,868	\$ -	\$ 344,476,868	10.07%	187,831	\$ 1,834
2021	\$ 313,254,524	\$ -	\$ 313,254,524	10.06%	188,045	\$ 1,666
2020	\$ 334,778,606	\$ -	\$ 334,778,606	10.83%	186,738	\$ 1,793
2019	\$ 295,305,462	\$ -	\$ 295,305,462	10.30%	185,068	\$ 1,596
2018	\$ 312,880,319	\$ -	\$ 312,880,319	11.33%	183,781	\$ 1,702
2017	\$ 329,418,871	\$ -	\$ 329,418,871	12.29%	182,504	\$ 1,805
2016	\$ 345,587,392	\$ -	\$ 345,587,392	13.16%	181,235	\$ 1,907
2015	\$ 356,249,806	\$ -	\$ 356,249,806	13.78%	179,975	\$ 1,979

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on page 80

(3) Population estimates based on U.S. Census Bureau historical trends and subject to change

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population*</u>	<u>Per Capita Income</u>	<u>(Thousand's of Dollars) Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Formal Schooling</u>	<u>Public School Enrollment</u>	<u>Unemployment Rate</u>
2024	190,158	\$ 21,338	\$ 4,057,591	33.3	70.8%-High School 22.3%-Bachelor's Degree	37,898	5.10%
2023	189,382	\$ 19,704	\$ 3,731,583	31.1	69.1%-High School 20.9%-Bachelor's Degree	38,448	5.30%
2022	187,831	\$ 18,207	\$ 3,419,839	30.9	68.0%-High School 20.5%-Bachelor's Degree	40,765	5.70%
2021	188,045	\$ 16,551	\$ 3,112,333	31.1	65.4%-High School 19.1%-Bachelor's Degree	40,765	6.90%
2020	186,738	\$ 16,551	\$ 3,090,701	31.1	65.4%-High School 18.9%-Bachelor's Degree	44,356	10.90%
2019	185,068	\$ 15,495	\$ 2,867,626	30.3	64.3%-High School 18.9%-Bachelor's Degree	44,452	5.20%
2018	183,781	\$ 15,030	\$ 2,762,234	30.3	64.1%-High School 18.8%-Bachelor's Degree	45,578	5.20%
2017	182,504	\$ 14,683	\$ 2,679,704	30.7	63.8%-High School 18.0%-Bachelor's Degree	46,880	5.80%
2016	181,235	\$ 14,489	\$ 2,625,916	30.6	64.1%-High School 17.5%-Bachelor's Degree	47,749	6.60%
2015	179,975	\$ 14,124	\$ 2,585,342	29.8	63.1%-High School 17.2%-Bachelor's Degree	47,717	6.50%

*Population Estimates based on historical U.S. Census Bureau data and subject to change based on revised published data

SOURCES:

Brownsville Independent School District
U.S. Census Bureau
U.S. Bureau of Labor Statistics

**City of Brownsville, Texas
Principal Employers,
Current Year and Last Nine Years**

Employer	2024			2023			2022			2021		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brownville ISD	5,656	1	3.01%	6,135	1	3.37%	6,135	1	3.52%	6,264	1	3.68%
SpaceX	3,800	2	2.02%	2,100	3	1.15%	1,260	7	0.72%	-	-	0.00%
Southwest Keys Programs	2,440	3	1.30%	1,500	5	0.82%	1,500	4	0.86%	-	-	0.00%
Cameron County	1,948	4	1.04%	1,800	4	0.99%	1,860	3	1.07%	1,760	2	1.03%
Bechtel	1,800	5	0.96%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Caring For You Home Health	1,500	6	0.80%	2,300	2	1.26%	2,300	2	1.32%	1,300	3	0.76%
UT Rio Grande Valley	1,400	7	0.74%	1,372	7	0.75%	1,372	6	0.79%	1,250	4	0.73%
City of Brownsville	1,234	8	0.66%	1,200	8	0.66%	1,152	8	0.66%	1,149	5	0.68%
Wal-Mart	1,192	9	0.63%	1,055	10	0.58%	1,055	10	0.61%	870	8	0.51%
Valley Regional Medical Center	1,100	10	0.58%	-	-	0.00%	-	-	0.00%	700	10	0.41%
Keppel Amfels	-	-	0.00%	1,450	6	0.80%	1,450	5	0.83%	-	-	0.00%
Abundant Life Home Health	-	-	0.00%	1,064	9	0.58%	1,064	9	0.61%	1,016	7	0.60%
HEB Food Stores	-	-	0.00%	-	-	0.00%	-	-	0.00%	1,113	6	0.65%
Valley Baptist Medical Center	-	-	0.00%	-	-	0.00%	-	-	0.00%	714	9	0.42%
Maximus	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Total	22,070		11.74%	19,976		10.96%	19,148		10.99%	16,136		9.47%

Source:
Greater Brownsville Incentives Corporation

**City of Brownsville, Texas
Principal Employers,
Current Year and Last Nine Years**

Employer	2020			2019			2018			2017		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brownville I.S.D.	6,553	1	3.93%	6,553	1	3.98%	6,652	1	4.01%	7,214	1	4.29%
SpaceX	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Southwest Keys Programs	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Cameron County	1,775	3	1.06%	1,780	3	1.08%	1,940	2	1.17%	1,950	2	1.16%
Bechtel	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Caring For You Home Health	1,300	4	0.78%	1,120	6	0.68%	1,120	6	0.68%	1,200	8	0.71%
UT Rio Grande Valley	1,830	2	1.10%	1,830	2	1.11%	1,240	3	0.75%	1,734	3	1.03%
City of Brownsville	1,147	5	0.69%	1,215	4	0.74%	1,237	4	0.75%	1,230	7	0.73%
Wal-Mart	801	9	0.48%	818	9	0.50%	850	8	0.51%	1,413	5	0.84%
Valley Regional Medical Center	700	10	0.42%	750	10	0.46%	750	10	0.45%	-	-	0.00%
Keppel Amfels	-	-	0.00%	-	-	0.00%	-	-	0.00%	1,650	4	0.98%
Abundant Life Home Health	1,011	7	0.61%	1,200	5	0.73%	1,200	5	0.72%	1,300	6	0.77%
H.E.B. Food Stores	1,113	6	0.67%	1,113	7	0.68%	1,113	7	0.67%	975	9	0.58%
Valley Baptist Medical Center	841	8	0.50%	841	8	0.51%	783	9	0.47%	-	-	0.00%
Maximus	-	-	0.00%	-	-	0.00%	-	-	0.00%	950	10	0.57%
Total	17,071		10.24%	17,220		10.45%	16,885		10.18%	19,616		11.68%

Source:
Greater Brownsville Incentives Corporation

**City of Brownsville, Texas
Principal Employers, - Continued
Current Year and Last Nine Years**

Employer	2016			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brownville I.S.D.	7,670	1	4.57%	7,200	1	4.33%
SpaceX	-	-	0.00%	-	-	0.00%
Southwest Keys Programs	-	-	0.00%	-	-	0.00%
Cameron County	1,950	2	1.16%	1,952	2	1.17%
Bechtel	-	-	0.00%	-	-	0.00%
Caring For You Home Health	1,200	8	0.71%	1,150	7	0.69%
UT Rio Grande Valley	1,734	3	1.03%	-	-	0.00%
City of Brownsville	1,227	7	0.73%	1,230	5	0.74%
Wal-Mart	1,413	5	0.84%	1,413	3	0.85%
Valley Regional Medical Center	-	-	0.00%	923	9	0.56%
Keppel Amfels	1,650	4	0.98%	1,200	6	0.72%
Abundant Life Home Health	1,300	6	0.77%	1,300	4	0.78%
H.E.B. Food Stores	975	9	0.58%	970	8	0.58%
Valley Baptist Medical Center	-	-	0.00%	850	10	0.51%
Maximus	950	10	0.57%	-	-	0.00%
Total	20,069		11.94%	18,188		10.93%

Source:
Greater Brownsville Incentives Corporation

OPERATING INFORMATION
EXPENSES BY UTILITY - LAST TEN YEARS

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
ELECTRIC					
Generation and Purchases for Resale ¹	\$ 82,539,008	\$ 109,080,006	\$ 114,036,921	\$ 212,928,881	\$ 69,918,239
Transmission and Distribution	11,518,028	10,388,983	9,326,475	8,422,883	8,376,963
Administrative and General	36,011,071	38,542,926	31,374,284	32,935,034	32,736,695
Rate Stabilization ²	-	-	-	-	-
Depreciation	12,423,161	12,404,440	13,642,643	12,718,751	30,072,347
Total Electric Operating Expenses	<u>\$ 142,491,268</u>	<u>\$ 170,416,355</u>	<u>\$ 168,380,323</u>	<u>\$ 267,005,549</u>	<u>\$ 141,104,244</u>
WATER					
Plant Operations	\$ 7,596,390	\$ 6,519,921	\$ 5,593,638	\$ 5,197,196	\$ 5,311,778
Transmission and Distribution	4,885,775	4,370,994	3,766,630	3,479,550	3,559,242
Administrative and General	10,161,341	6,286,450	4,601,985	5,205,105	5,817,008
Depreciation	6,057,040	5,798,381	5,726,665	5,483,139	5,922,981
Total Water Operating Expenses	<u>\$ 28,700,546</u>	<u>\$ 22,975,746</u>	<u>\$ 19,688,918</u>	<u>\$ 19,364,990</u>	<u>\$ 20,611,009</u>
WASTEWATER					
Plant Operations	\$ 7,985,572	\$ 8,322,669	\$ 7,820,923	\$ 6,573,943	\$ 6,551,461
Transmission and Distribution	1,407,767	1,504,640	1,188,945	974,216	741,446
Administrative and General	9,583,540	5,996,345	4,310,759	4,949,096	5,440,147
Depreciation	10,269,498	9,618,137	8,685,210	9,003,321	9,689,106
Total Wastewater Operating Expenses	<u>\$ 29,246,377</u>	<u>\$ 25,441,791</u>	<u>\$ 22,005,837</u>	<u>\$ 21,500,576</u>	<u>\$ 22,422,160</u>
SOUTHMOST REGIONAL WATER AUTHORITY					
Administration and General	\$ 4,659,755	\$ 4,295,265	\$ 3,996,129	\$ 3,091,463	\$ 3,353,539
Depreciation	1,359,340	1,345,135	1,299,550	1,283,498	1,287,437
Total SRWA Operating Expenses	<u>\$ 6,019,095</u>	<u>\$ 5,640,400</u>	<u>\$ 5,295,679</u>	<u>\$ 4,374,961</u>	<u>\$ 4,640,976</u>
TOTAL OPERATING EXPENSES	<u>\$ 206,457,286</u>	<u>\$ 224,474,292</u>	<u>\$ 215,370,758</u>	<u>\$ 312,246,076</u>	<u>\$ 188,778,389</u>
OTHER NONOPERATING REVENUES (EXPENSES) ³	<u>\$ 4,465,169</u>	<u>\$ (31,459,873)</u>	<u>\$ (13,401,318)</u>	<u>\$ (34,962,276)</u>	<u>\$ 5,053,209</u>

¹ Exceptionally high Generation and Purchases for Resale expenses in the Electric Utility are attributable to the Winter Storm Uri event in February 2021.

² Beginning in FY 2019 the Rate Stabilization funds are no longer considered an Operating Expense and are now being netted out of Operating Revenues

³ Excludes payments to City of Brownsville

- Continued

OPERATING INFORMATION
EXPENSES BY UTILITY - LAST TEN YEARS - Continued

	FY 2019	FY 2018 Restated	FY 2017 Restated	FY 2016 Restated	FY 2015
ELECTRIC					
Generation and Purchases for Resale	\$ 74,796,747	\$ 74,337,732	\$ 70,496,415	\$ 63,120,545	\$ 72,523,667
Transmission and Distribution	7,382,752	7,130,981	6,965,840	6,912,082	6,499,004
Administrative and General	32,546,901	28,859,842	29,431,623	34,583,521	21,524,432
Rate Stabilization	-	25,900,000	24,200,000	10,525,000	-
Depreciation	33,556,217	15,978,408	15,986,715	15,069,917	14,887,881
Total Electric Operating Expenses	<u>\$ 148,282,617</u>	<u>\$ 152,206,963</u>	<u>\$ 147,080,593</u>	<u>\$ 130,211,065</u>	<u>\$ 115,434,984</u>
WATER					
Plant Operations	\$ 5,222,708	\$ 5,781,746	\$ 4,427,577	\$ 5,129,025	\$ 5,581,020
Transmission and Distribution	3,324,018	3,416,818	3,260,832	3,082,104	2,901,226
Administrative and General	6,507,019	6,411,935	6,126,023	7,250,855	5,141,431
Depreciation	5,111,179	5,039,447	4,894,699	5,116,669	5,622,967
Total Water Operating Expenses	<u>\$ 20,164,924</u>	<u>\$ 20,649,946</u>	<u>\$ 18,709,131</u>	<u>\$ 20,578,653</u>	<u>\$ 19,246,644</u>
WASTEWATER					
Plant Operations	\$ 7,210,932	\$ 6,774,909	\$ 6,530,394	\$ 6,526,539	\$ 6,417,406
Transmission and Distribution	830,075	808,444	772,747	837,287	1,160,632
Administrative and General	6,594,912	6,049,418	6,051,881	7,667,223	5,502,973
Depreciation	8,946,176	8,518,279	8,067,888	7,945,949	8,131,553
Total Wastewater Operating Expenses	<u>\$ 23,582,095</u>	<u>\$ 22,151,050</u>	<u>\$ 21,422,910</u>	<u>\$ 22,976,998</u>	<u>\$ 21,212,564</u>
SOUTHMOST REGIONAL WATER AUTHORITY					
Administration and General	\$ 3,440,425	\$ 3,572,989	\$ 3,351,035	\$ 3,489,520	\$ 3,123,518
Depreciation	1,276,262	1,250,362	1,244,517	931,124	864,865
Total SRWA Operating Expenses	<u>\$ 4,716,687</u>	<u>\$ 4,823,351</u>	<u>\$ 4,595,552</u>	<u>\$ 4,420,644</u>	<u>\$ 3,988,383</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 196,746,323</u></u>	<u><u>\$ 199,831,310</u></u>	<u><u>\$ 191,808,186</u></u>	<u><u>\$ 178,187,360</u></u>	<u><u>\$ 159,882,575</u></u>
OTHER NONOPERATING REVENUES (EXPENSES)¹	<u><u>\$ (15,794,133)</u></u>	<u><u>\$ (8,397,086)</u></u>	<u><u>\$ (15,400,823)</u></u>	<u><u>\$ (14,102,923)</u></u>	<u><u>\$ (15,646,848)</u></u>

¹ Excludes payments to City of Brownsville

OPERATING INFORMATION
ELECTRIC ENERGY SOURCES, WATER AND WASTEWATER STATISTICS
LAST TEN YEARS

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
SOURCES OF ENERGY (kWh)					
Total Net Energy Generated	523,501,729	931,648,364	808,254,582	926,706,204	1,231,824,938
Total Energy Purchased	1,474,303,034	1,045,607,979	1,088,610,589	974,035,691	336,912,190
TOTAL SOURCES OF ENERGY	1,997,804,763	1,977,256,343	1,896,865,171	1,900,741,895	1,568,737,128
Less: System Losses and Inadvertent Energy (kWh)	(36,452,100)	(33,126,398)	(25,649,874)	(29,116,701)	(29,241,337)
Net Available for Sale (kWh)	1,961,352,663	1,944,129,945	1,871,215,297	1,871,625,194	1,539,495,791
Sales for Resale (kWh)	(616,224,961)	(568,636,524)	(519,115,193)	(576,980,218)	(264,564,600)
NET ENERGY FOR LOAD	1,345,127,702	1,375,493,421	1,352,100,104	1,294,644,976	1,274,931,191
WATER STATISTICS					
Water Production - 1,000 Gallons					
Raw Water Treated	5,626,008	5,965,414	5,733,552	5,326,847	5,298,583
Raw Water Used in Plant	(141,209)	(236,026)	(172,143)	(200,208)	(244,219)
Surface Water Treated	5,484,799	5,729,388	5,561,409	5,126,639	5,054,364
SRWA (Purchased Water)*	2,270,808	2,269,203	2,107,533	2,340,149	2,537,831
Water Pumped to City	7,755,607	7,998,591	7,668,942	7,466,788	7,592,195
Water Sales	6,700,455	6,799,304	6,749,619	6,740,690	6,757,580
Other Unmetered Usage	94,615	203,289	31,644	50,564	114,398
Losses and Unaccounted for Gallonage	960,537	995,998	887,679	675,534	717,460
Thousand Gallons to System	7,755,607	7,998,591	7,668,942	7,466,788	7,589,438
Unaccounted For	12.38%	12.45%	11.57%	9.00%	9.45%
Average Daily Consumption	21,186	21,914	21,011	22,657	20,725
Peak Maximum Demand (MG)	27	29	27	25	27
Date	5/27/2024	8/14/2023	7/26/2022	9/9/2021	7/20/2020
WASTEWATER STATISTICS					
Annual Demand (1,000 Gals.)	5,740,296	5,555,607	5,616,317	5,339,312	5,240,443
Maximum Day (MG)	33.8	40.5	35.8	38.4	36.5

* FY 2012 through FY 2022 Water Production includes Southmost Regional Water Authority Production.

- Continued

OPERATING INFORMATION
ELECTRIC ENERGY SOURCES, WATER AND WASTEWATER STATISTICS - Continued
LAST TEN YEARS

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
SOURCES OF ENERGY (kWh)					
Total Net Energy Generated	1,350,866,264	1,224,415,215	1,202,079,235	1,231,840,523	806,397,153
Total Energy Purchased	186,542,500	295,731,900	328,964,400	428,953,100	690,167,500
TOTAL SOURCES OF ENERGY	1,537,408,764	1,520,147,115	1,531,043,635	1,660,793,623	1,496,564,653
Less: System Losses and Inadvertent Energy (kWh)	(25,542,731)	(27,039,952)	(24,589,310)	(22,449,897)	(25,996,837)
Net Available for Sale (kWh)	1,511,866,033	1,493,107,163	1,506,454,325	1,638,343,726	1,470,567,816
Sales for Resale (kWh)	(204,155,127)	(159,885,557)	(177,000,430)	(316,499,025)	(70,155,740)
NET ENERGY FOR LOAD	1,307,710,906	1,333,221,606	1,329,453,895	1,321,844,701	1,400,412,076
WATER STATISTICS					
Water Production - 1,000 Gallons					
Raw Water Treated	5,318,507	5,874,579	5,579,560	5,301,156	5,216,966
Raw Water Used in Plant	(265,051)	(207,020)	(119,670)	(160,738)	(235,716)
Surface Water Treated	5,053,456	5,667,559	5,459,890	5,140,418	4,981,250
SRWA (Purchased Water)*	2,482,556	2,495,123	2,440,611	2,317,634	2,092,497
Water Pumped to City	7,536,012	8,162,682	7,900,501	7,458,052	7,073,747
Water Sales	6,334,790	6,695,462	6,732,120	6,392,340	6,055,349
Other Unmetered Usage	255,969	165,736	155,286	130,685	89,772
Losses and Unaccounted for Gallonage	945,253	1,301,484	1,013,095	935,027	928,626
Thousand Gallons to System	7,536,012	8,162,682	7,900,501	7,458,052	7,073,747
Unaccounted For	12.54%	15.94%	12.82%	12.54%	13.13%
Average Daily Consumption	20,627	22,341	18,444	17,465	22,253
Peak Maximum Demand (MG)	27	30	34	29	27
Date	8/21/2019	8/20/2018	5/23/2017	8/10/2016	8/11/2015
WASTEWATER STATISTICS					
Annual Demand (1,000 Gals.)	5,269,519	5,300,889	5,370,043	5,580,261	5,916,884
Maximum Day (MG)	29.8	34.8	21.2	32.6	36.2

* FY 2011 through FY 2021 Water Production includes Southmost Regional Water Authority Production.

OPERATING INFORMATION
AUTHORIZED FULL TIME POSITIONS BY DEPARTMENT AND UTILITY
FY 2025 BUDGET AND LAST TEN YEARS

		Budget Amended										
		FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
DEPARTMENT		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
1110	General Manager	3	3	3	3	3	3	3	3	3	3	3
1115	Legal Services ²	4	3	0	0	0	0	0	0	0	0	0
1120	Internal Audit	3	3	3	3	3	3	3	3	3	3	3
1125	Key Account Marketing	4	4	3	4	4	4	4	4	5	5	6
1130	Customer Services ⁴	3	3	1	1	2	2	2	2	2	2	2
1135	Communications & Public Relations	3	3	4	3	3	4	4	4	4	4	4
1140	Organizational Development	3	3	3	3	2	3	3	3	3	3	3
1145	Electrical Systems	0	0	0	0	0	0	0	0	0	0	2
1150	Board of Directors	0	0	0	0	0	0	0	0	0	0	0
1165	Records Management	4	4	4	3	3	3	3	3	2	2	2
1170	Digital Information Platforms	3	2	2	2	1	0	0	0	0	0	0
1410	Environmental Services	4	4	6	6	6	6	6	5	5	4	4
1440	Safety & Security Operations ⁴	6	6	4	4	4	4	6	6	6	6	6
4105	Operations Office ⁴	4	3	5	3	3	3	3	2	2	2	0
4115	Asset Management	4	2	0	0	0	0	0	0	0	0	0
4310	Operational Support Services	4	4	3	3	4	0	3	2	2	2	0
5105	Finance Office ³	2	2	0	0	0	0	0	0	0	0	0
5110	Finance	6	6	10	10	9	3	8	7	7	8	6
5115	Financial Services ³	9	9	0	0	0	0	0	0	0	0	0
5120	Accounting & Treasury	7	7	13	15	17	9	18	16	16	15	14
5130	Purchasing	6	6	7	7	7	17	7	7	7	7	6
5140	Revenue Recovery	1	1	3	3	3	7	3	3	3	3	3
6105	Customer & Information Services	0	0	3	3	3	3	3	3	3	3	3
6110	Customer Service	14	14	12	14	14	3	14	13	14	14	11
6115	Collections	4	4	4	4	4	14	4	4	4	4	4
6120	Billing	9	9	9	9	9	4	9	8	7	8	7
6125	Call Center	12	12	12	12	12	9	12	12	11	11	10
6130	Meter Services	10	10	9	9	9	12	9	10	10	9	9
6135	CIS Support	4	4	4	3	3	9	3	3	3	3	3
6145	Energy Efficiency & Conservation	1	1	1	1	1	3	1	1	1	1	1
6150	Meter Reading	12	12	14	14	14	14	14	14	15	15	15
6160	Cashiers	8	8	8	8	8	8	8	9	9	9	9
7110	Administrative Office ⁴	2	2	0	0	0	0	0	0	0	0	1
7120	Risk/Insurance Management	2	2	2	3	3	3	2	2	2	2	2
7125	Right-of-Way ²	2	2	2	0	0	0	0	0	0	0	0
7130	Enterprise Solutions ⁴	5	4	18	17	17	17	17	18	17	17	18
7131	IT Hardware, Cyber, & Network Mgmt ³	11	11	0	0	0	0	0	0	0	0	0
7132	IT Solutions and Project Management ³	1	1	0	0	0	0	0	0	0	0	0
7133	IT Applications Support ³	5	5	0	0	0	0	0	0	0	0	0
7135	GIS	7	7	8	10	10	10	10	10	11	11	13
7140	Human Resources	1	1	1	3	3	3	3	2	2	6	9
7145	Talent Acquisition & Staffing	4	4	4	3	3	3	3	4	3	3	0
7150	Fleet Management	10	10	10	10	10	10	10	10	10	10	10
7155	Compensation & Benefits	6	6	6	4	5	4	4	4	4	0	0
7160	Facility Maintenance	5	5	5	4	4	4	4	4	4	4	4
7165	Security Operations	0	0	1	2	2	2	0	0	0	0	0
7170	Warehouse	5	5	5	5	5	5	5	6	6	6	6
7175	Facility Maintenance-FM511 Svc Yard	4	4	4	4	4	4	0	0	0	0	0
7180	Facility Maintenance-Annex ¹	1	1	1	1	0	0	0	0	0	0	0
7190	Supv Control & Data Acq (SCADA)	11	11	0	0	0	0	0	0	0	0	0
9110	Company-wide Expenses	0	0	0	0	0	0	0	0	0	0	3
TOTAL ADMINISTRATIVE		239	233	217	216	217	215	211	207	206	205	202

¹ Denotes new department for 2022.

² Denotes new department for 2023.

³ Denotes new department for 2024.

⁴ Department was renamed due to organizational restructuring.

- Continued

OPERATING INFORMATION
AUTHORIZED FULL TIME POSITIONS BY DEPARTMENT AND UTILITY
FY 2054 BUDGET AND LAST TEN YEARS (continued)

DEPARTMENT		Budget Amended										
		FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
1145	Electrical Systems	1	1	4	3	4	3	3	3	3	3	0
1420	Environmental Compliance	6	6	6	6	5	6	6	6	6	6	6
2110	Electrical Trans & Dist Support Svcs	2	2	0	0	0	0	0	0	0	0	1
2120	Substations & Relaying	16	14	13	23	23	23	23	24	24	24	12
2130	Elec Trans & Dist New Const	65	65	58	49	50	50	50	28	28	28	31
2140	Elec Trans & Dist Maintenance	0	0	0	0	0	0	0	22	22	22	31
2150	Energy Control Center Operations	16	15	15	15	15	15	15	15	15	15	14
2210	SCADA & Electrical Support Svc.	12	12	23	23	23	23	23	22	19	19	17
2220	Power Production	25	25	27	28	27	27	27	27	27	27	28
2310	Electric Meter Shop	7	7	8	8	8	8	8	8	8	8	8
2410	Electric Engineering	13	12	14	14	12	13	13	14	14	14	14
2420	Electrical Systems Planning	5	5	0	0	0	0	0	0	0	0	0
4105	Operations	0	0	0	0	0	0	0	0	0	0	3
4110	Energy Risk Management	1	1	1	1	1	1	1	1	1	1	1
4210	NERC Compliance	5	5	5	5	5	5	5	5	5	5	3
4220	Fuel & Purchased Energy Supply	2	2	1	2	2	2	2	2	2	2	2
4230	Natural Gas Utility Management	0	0	0	0	0	0	0	0	0	0	0
4310	Operational Support Services	0	0	0	0	0	1	0	0	0	0	1
TOTAL ELECTRIC		176	172	175	177	175	177	176	177	174	174	172

1422	Analytical Lab	16	16	16	16	16	16	16	16	16	16	16
1430	Pre-treatment	8	8	7	7	8	7	7	8	11	12	10
1435	Cross Connection Control	6	6	3	3	3	3	3	3	0	0	0
3110	Special Projects W/WW Eng-Planning ⁴	4	4	2	2	3	3	2	2	2	2	2
3120	Water Plant I	10	10	10	10	9	10	10	10	10	10	9
3130	Water Plant II	8	8	8	7	8	8	8	8	8	8	9
3135	Resaca Maintenance	22	22	15	9	9	9	9	9	17	17	20
3140	Raw Water Supply	4	4	4	4	4	4	4	4	4	4	3
3145	W/WW Plant Maintenance	12	12	12	12	12	12	12	13	13	13	13
3150	W/WW Operations & Construction	43	43	44	45	45	70	68	67	67	67	68
3155	W/WW Operations & Maintenance	32	32	34	34	34	0	0	0	0	0	0
3160	Potable Water Transport Services	2	2	2	2	3	0	0	0	0	0	0
3210	South WW Treat Plant	8	8	8	9	8	9	9	8	10	10	9
3220	Robindale WW Treat Plant	11	11	11	10	11	10	10	11	11	11	12
3225	W/WW Sludge Management	3	3	9	9	8	8	8	8	0	0	0
3230	Wastewater Lift Stations	20	20	20	20	20	32	34	34	35	35	35
3310	Water & WW Engineering	9	9	20	18	17	17	16	16	16	16	21
3315	W/WW Project Development ³	9	9	0	0	0	0	0	0	0	0	0
4310	Operational Support Services	0	0	0	1	1	1	1	2	2	2	1
9110	Company-wide Expenses	0	0	0	0	0	0	0	1	2	0	0
TOTAL WATER/WASTEWATER		227	227	225	218	219	219	217	220	224	223	228

OVERALL TOTAL NO. OF POSITIONS	642	632	617	611	611	611	604	604	604	602	602
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¹ Denotes new department for 2022.

² Denotes new department for 2023.

³ Denotes new department for 2024.

⁴ Department was renamed due to organizational restructuring.

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS**

		FY 2024	
Electric Services			
Customer Name	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	77,711,189	\$ 8,924,306	5.28%
2. Texas Southmost College	27,630,174	2,843,889	1.68%
3. Amfels Inc	16,538,199	2,065,428	1.22%
4. Rich Products Corporation	18,007,128	1,917,432	1.13%
5. Trico Technologies Corp	17,261,303	1,813,454	1.07%
6. University Of Texas Rio Grande Valley	16,279,947	1,741,734	1.03%
7. H E B Stores	15,129,052	1,578,188	0.93%
8. Creative Liquid Coatings Inc	14,450,400	1,460,972	0.86%
9. Cameron County	12,412,193	1,446,862	0.86%
10. 7 Eleven Inc	12,253,163	1,421,624	0.84%
TOTAL	227,672,748	\$ 25,213,888	14.90%

Water Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Unnamed Industrial Customer *	23,382	\$ 1,535,869	4.14%
2. El Jardin Water Supply Corp.	290,814	959,065	2.58%
3. Brownsville Navigation District	274,069	789,954	2.13%
4. Brownsville I S D	157,034	749,809	2.02%
5. Rich Products Corporation	74,571	243,447	0.66%
6. Texas Southmost College	54,426	233,056	0.63%
7. University Of Texas Rio Grande Valley	49,286	219,648	0.59%
8. Cameron County	52,360	199,625	0.54%
9. Valley Regional Med Ctr	37,496	130,108	0.35%
10. Trico Technologies Corp	34,506	119,231	0.32%
TOTAL	1,047,944	\$ 5,179,812	13.96%

* Name of company kept confidential in accordance to applicable agreement.

Wastewater Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	121,329	\$ 697,833	2.32%
2. Rich Products Corporation	93,046	565,013	1.88%
3. Cameron County	47,350	240,426	0.80%
4. Texas Southmost College	37,046	201,418	0.67%
5. University Of Texas Rio Grande Valley	34,070	193,029	0.64%
6. Trico Technologies Corp	33,823	165,621	0.55%
7. Go Car Wash Texas, Llc	32,309	156,086	0.52%
8. Valley Regional Med Ctr	31,261	152,526	0.51%
9. V B M C Brownsville	28,002	136,487	0.45%
10. The Brownsville Housing Opportunity Corp	25,317	121,973	0.41%
TOTAL	483,553	\$ 2,630,413	8.75%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

		FY 2023		
Electric Services		Annual	Annual	Percent of
		Consumption	Sales	Annual Sales
<u>Customer Name</u>		<u>(kWh)</u>	<u>Revenue</u>	<u>Revenue</u>
1.	Brownsville I S D	75,548,004	\$ 7,308,434	4.54%
2.	Texas Southmost College	26,936,811	2,396,596	1.49%
3.	Trico Technologies Corp	18,343,519	1,673,103	1.04%
4.	Amfels Inc	15,631,800	1,588,588	0.99%
5.	Rich Products Corporation	17,570,160	1,523,530	0.95%
6.	University of Texas Rio Grande	16,153,917	1,487,301	0.92%
7.	H E B Stores	15,293,404	1,348,967	0.84%
8.	7 Eleven Inc	12,198,810	1,234,092	0.77%
9.	Cameron County	11,821,250	1,228,800	0.76%
10.	Creative Liquid Coating Inc	14,104,800	1,179,383	0.73%
TOTAL		223,602,475	\$ 20,968,794	13.03%

		Annual	Annual	Percent of
Water Services		Consumption	Sales	Annual Sales
		(1,000 Gallons)	Revenue	Revenue
<u>Customer Name</u>				
1.	El Jardin Water Supply Corp	320,707	\$ 995,631	2.93%
2.	Brownsville I S D	170,907	746,112	2.19%
3.	Brownsville Navigation District	223,099	608,263	1.79%
4.	Unnamed Industrial Customer *	7,220	519,120	1.53%
5.	Texas Southmost College	61,025	239,783	0.70%
6.	University Of Texas Rio Grande	45,750	194,148	0.57%
7.	Rich Products Corporation	58,897	181,586	0.53%
8.	Cameron County	46,135	168,203	0.49%
9.	V B M C Brownsville	42,285	133,150	0.39%
10.	Valley Regional Med Ctr	40,664	131,912	0.39%
TOTAL		1,016,689	\$ 3,917,908	11.51%

* Name of company kept confidential in accordance to applicable agreement.

		Annual	Annual	Percent of
Wastewater Services		Consumption	Sales	Annual Sales
		(1,000 Gallons)	Revenue	Revenue
<u>Customer Name</u>				
1.	Brownsville I S D	138,374	\$ 716,408	2.59%
2.	Texas Southmost College	42,672	210,554	0.76%
3.	Rich Products Corporation	46,443	205,296	0.74%
4.	Cameron County	40,938	193,183	0.70%
5.	University Of Texas Rio Grande Valley	31,589	165,573	0.60%
6.	Valley Regional Med Ctr	34,438	154,450	0.56%
7.	V B M C Brownsville	32,370	144,253	0.52%
8.	Go Car Wash Texas, LLC	28,344	126,147	0.46%
9.	Trico Technologies Corp	27,484	123,659	0.45%
10.	Paseo Plaza Apts	24,325	113,367	0.41%
TOTAL		446,977	\$ 2,152,890	7.79%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

Electric Services		FY 2022	
Customer Name	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	76,045,904	\$ 7,891,787	5.17%
2. Trico Technologies Corp.	23,429,899	1,959,699	1.28%
3. Amfels Inc	14,558,848	1,566,568	1.03%
4. Rich Product Corp.	16,135,440	1,411,007	0.92%
5. H E B Stores	16,285,060	1,402,570	0.92%
6. Cameron County	12,228,891	1,266,026	0.83%
7. 7 Eleven Inc.	11,891,076	1,204,927	0.79%
8. Valley Baptist Medical Center	12,450,652	1,062,481	0.70%
9. Valley Regional Medical Center	11,943,533	987,785	0.65%
10. University of Texas Rio Grande Valley	9,032,808	901,796	0.59%
TOTAL	204,002,111	\$ 19,654,646	12.88%

Water Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. El Jardin Water Supply Corp.	313,004	\$ 850,019	3.17%
2. Brownsville I S D	161,172	628,111	2.34%
3. Brownsville Navigation District	180,797	444,062	1.66%
4. Unnamed Industrial Customer *	4,997	380,280	1.42%
5. Cameron County	61,923	192,092	0.72%
6. University of Texas Rio Grande Valley	47,319	176,685	0.66%
7. Texas Southmost College	46,250	171,286	0.64%
8. Rich Product Corp.	54,779	151,797	0.57%
9. Military Highway Water Supply Corp.	56,541	142,358	0.53%
10. Valley Baptist Medical Center	42,299	119,191	0.44%
TOTAL	969,081	\$ 3,255,881	12.15%

* Name of company kept confidential in accordance to applicable agreement.

Wastewater Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	133,625	\$ 616,087	2.53%
2. Cameron County	49,750	204,470	0.84%
3. Texas Southmost College	35,984	161,138	0.66%
4. Rich Product Corp.	39,671	154,134	0.63%
5. University of Texas Rio Grande Valley	32,595	151,363	0.62%
6. Valley Baptist Medical Center	37,289	147,237	0.61%
7. Valley Regional Medical Center	33,432	133,299	0.55%
8. Southwest Key Programs Inc.	23,277	93,625	0.38%
9. Brownsville Portfolio LLC	23,390	93,438	0.38%
10. Paseo Plaza Apts	19,423	81,350	0.33%
TOTAL	428,435	\$ 1,836,141	7.53%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

		FY 2021	
Electric Services			
Customer Name	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	67,551,445	\$ 6,428,598	5.25%
2. Trico Technologies Corp.	26,950,061	1,820,683	1.49%
3. Amfels Inc	12,283,200	1,160,043	0.95%
4. H E B Stores	15,959,806	1,145,252	0.94%
5. Rich Product Corp.	16,417,440	1,100,850	0.90%
6. Cameron County	12,898,709	1,084,759	0.89%
7. 7 Eleven Inc.	11,502,725	957,098	0.78%
8. Valley Baptist Medical Center	12,388,218	861,719	0.70%
9. CK Technologies, LLC	12,868,932	845,063	0.69%
10. Valley Regional Medical Center	12,117,010	780,778	0.64%
TOTAL	200,937,546	\$ 16,184,843	13.23%
Water Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. El Jardin Water Supply Corp.	350,266	\$ 945,718	3.78%
2. Brownsville I S D	121,981	513,301	2.05%
3. Brownsville Navigation District	190,190	453,136	1.81%
4. Texas Southmost College	45,130	162,448	0.65%
5. University of Texas Rio Grande Valley	43,770	161,830	0.65%
6. Cameron County	50,972	157,450	0.63%
7. Military Highway Water Supply Corp.	60,468	147,878	0.59%
8. Rich Products Corp.	53,822	145,316	0.58%
9. Valley Regional Medical Center	37,876	107,001	0.43%
10. Valley Baptist Medical Center Brownsville	28,700	80,467	0.32%
TOTAL	983,175	\$ 2,874,545	11.49%
Wastewater Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	101,406	\$ 476,837	2.09%
2. Cameron County	43,989	177,400	0.78%
3. Rich Products Corp.	38,897	159,504	0.70%
4. Texas Southmost College	34,170	148,797	0.65%
5. Valley Regional Medical Center	31,229	120,279	0.53%
6. University of Texas Rio Grande Valley	30,828	139,631	0.61%
7. Valley Baptist Medical Center	25,127	96,976	0.43%
8. Raybec Posada LLC	22,180	79,004	0.35%
9. Brownsville Housing Authority Corp.	19,792	75,267	0.33%
10. Trico Technologies Corp.	16,098	63,450	0.28%
TOTAL	363,716	\$ 1,537,145	6.75%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

		FY 2020		
Electric Services		Annual	Annual	Percent of
Customer Name		Consumption	Sales	Annual Sales
		(kWh)	Revenue	Revenue
1.	Brownsville I S D	67,008,231	\$ 6,430,336	5.26%
2.	Trico Technologies Corp.	23,133,083	1,706,079	1.40%
3.	Amfels Inc	12,196,684	1,239,964	1.01%
4.	Cameron County	14,086,347	1,177,932	0.96%
5.	H E B Stores	16,843,656	1,153,202	0.94%
6.	Rich Product Corp.	16,692,000	1,127,056	0.92%
7.	7 Eleven Inc.	11,774,940	966,433	0.79%
8.	Valley Baptist Medical Center	13,181,038	894,173	0.73%
9.	Valley Regional Medical Center	12,462,724	801,458	0.66%
10.	Southmost Regional Water Authority	9,837,592	713,657	0.58%
TOTAL		197,216,295	\$ 16,210,290	13.25%
Water Services		Annual	Annual	Percent of
Customer Name		Consumption	Sales	Annual Sales
		(1,000 Gallons)	Revenue	Revenue
1.	El Jardin Water Supply Corp.	313,592	\$ 846,698	3.40%
2.	Brownsville I S D	160,695	612,191	2.46%
3.	Brownsville Navigation District	163,323	390,805	1.57%
4.	Cameron County	66,613	198,460	0.80%
5.	Texas Southmost College	56,432	191,887	0.77%
6.	University of Texas Rio Grande Valley	50,985	181,254	0.73%
7.	Military Highway Water Supply Corp.	60,791	148,627	0.60%
8.	Rich Products Corp.	50,307	136,142	0.55%
9.	Valley Regional Medical Center	37,787	106,769	0.43%
10.	Valley Baptist Medical Center	28,648	80,331	0.32%
TOTAL		989,173	\$ 2,893,164	11.63%
Wastewater Services		Annual	Annual	Percent of
Customer Name		Consumption	Sales	Annual Sales
		(1,000 Gallons)	Revenue	Revenue
1.	Brownsville I S D	126,129	\$ 568,981	2.49%
2.	Cameron County	58,947	233,276	1.02%
3.	Rich Products Corp.	38,736	200,041	0.87%
4.	University of Texas Rio Grande Valley	33,873	151,504	0.66%
5.	Texas Southmost College	34,086	148,444	0.65%
6.	Valley Regional Medical Center	30,169	116,293	0.51%
7.	Brownsville Housing Authority Corp.	24,627	94,764	0.41%
8.	Valley Baptist Medical Center	23,989	92,694	0.41%
9.	101 S Twin Creek LLC	23,206	90,917	0.40%
10.	Raybec Posada LLC	25,111	83,459	0.36%
TOTAL		418,873	\$ 1,780,373	7.78%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

		FY 2019	
Electric Services			
Customer Name	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	75,058,099	\$ 7,106,223	5.85%
2. Texas Southmost College	27,246,947	1,793,393	1.48%
3. Trico Technologies Corp.	23,778,763	1,621,971	1.33%
4. H E B Stores	18,409,561	1,357,209	1.12%
5. University of Texas Rio Grande Valley	15,818,165	1,192,733	0.98%
6. Cameron County	13,983,052	1,150,902	0.95%
7. Rich Product Corp.	16,250,400	1,117,641	0.92%
8. 7 Eleven Inc.	12,122,407	993,692	0.82%
9. Valley Baptist Medical Center	13,172,114	941,813	0.77%
10. Brownsville Sunrise Development	9,778,026	847,252	0.70%
TOTAL	225,617,534	\$ 18,122,829	14.92%
Water Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. El Jardin Water Supply Corp.	326,133	\$ 880,559	3.65%
2. Brownsville I S D	174,701	661,119	2.74%
3. Brownsville Navigation District	174,289	417,237	1.73%
4. Texas Southmost College	60,712	207,981	0.86%
5. Cameron County	67,474	194,853	0.81%
6. Military Highway Water Supply Corp.	72,925	176,778	0.73%
7. Rich Products Corp.	61,519	167,564	0.69%
8. University of Texas Rio Grande Valley	43,643	163,954	0.68%
9. Raybec LLC	42,914	118,984	0.49%
10. Valley Regional Medical Center	36,365	104,311	0.43%
TOTAL	1,060,675	\$ 3,093,340	12.81%
Wastewater Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	137,344	\$ 610,607	2.75%
2. Cameron County	54,522	213,201	0.96%
3. Texas Southmost College	38,889	166,111	0.75%
4. Rich Products Corp.	38,442	144,542	0.65%
5. University of Texas Rio Grande Valley	31,710	142,396	0.64%
6. Raybec LLC	33,687	123,612	0.56%
7. Southwest Key Program Inc	28,915	112,015	0.50%
8. Valley Regional Medical Center	28,749	110,954	0.50%
9. Valley Baptist Medical Center	24,737	95,506	0.43%
10. 7 Eleven Inc.	17,330	74,212	0.33%
TOTAL	434,325	\$ 1,793,156	8.07%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

		FY 2018	
Electric Services			
Customer Name	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	80,934,108	\$ 7,602,321	6.14%
2. Texas Southmost College	27,072,986	1,797,409	1.45%
3. Trico Technologies Corp.	25,033,901	1,704,852	1.38%
4. H E B Stores	17,967,508	1,327,521	1.07%
5. Cameron County	13,418,405	1,117,609	0.90%
6. Rich Product Corp.	16,456,800	1,108,714	0.90%
7. University of Texas Rio Grande Valley	14,496,114	1,107,559	0.89%
8. Valley Baptist Medical Center	13,339,179	947,568	0.77%
9. Brownsville Sunrise Development	10,462,943	885,572	0.72%
10. Valley Regional Medical Center	12,505,025	806,351	0.65%
TOTAL	231,686,969	\$ 18,405,476	14.87%
Water Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. El Jardin Water Supply Corp.	367,092	\$ 991,148	3.97%
2. Brownsville I S D	209,461	750,460	3.01%
3. Brownsville Navigation District	171,895	410,692	1.65%
4. Texas Southmost College	75,222	245,495	0.98%
5. University of Texas Rio Grande Valley	45,943	165,721	0.66%
6. Cameron County	52,663	153,910	0.62%
7. Rich Products Corp.	45,840	125,242	0.50%
8. Military Highway Water Supply Corp.	49,489	120,683	0.48%
9. Posada D L P LLC	44,206	118,609	0.48%
10. Valley Regional Medical Center	39,776	113,076	0.45%
TOTAL	1,101,587	\$ 3,195,036	12.80%
Wastewater Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	160,853	\$ 698,808	3.09%
2. Cameron County	36,682	144,855	0.64%
3. University of Texas Rio Grande Valley	31,504	138,864	0.61%
4. Texas Southmost College	31,331	137,483	0.61%
5. Rich Products Corp.	33,361	130,652	0.58%
6. Valley Regional Medical Center	32,657	125,648	0.56%
7. Posada D L P LLC	29,492	93,503	0.41%
8. Valley Baptist Medical Center	22,856	88,436	0.39%
9. Paseo Plaza Apartments	17,708	72,523	0.32%
10. Trico Technologies Corp.	15,546	61,408	0.27%
TOTAL	411,990	\$ 1,692,180	7.48%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

Electric Services		FY 2017	
		Annual	Percent of
Customer Name	Consumption (kWh)	Sales Revenue	Annual Sales Revenue
1. Brownsville I S D	82,869,447	\$ 7,685,118	6.22%
2. Texas Southmost College	29,326,056	1,970,682	1.59%
3. Trico Technologies Corp.	25,325,540	1,754,972	1.42%
4. H E B Stores	18,646,601	1,377,868	1.12%
5. Rich Product Corp	16,468,800	1,118,128	0.90%
6. Valley Baptist Medical Center	14,924,070	1,070,339	0.87%
7. Cameron County	13,098,169	1,066,846	0.86%
8. University of Texas at Brownsville	14,841,611	1,058,388	0.86%
9. Stripes Stores	11,963,289	975,566	0.79%
10. Brownsville Sunrise Development	11,046,188	927,299	0.75%
TOTAL	238,509,771	\$ 19,005,206	15.38%
Water Services			
		Annual	Percent of
Customer Name	Consumption (1,000 Gallons)	Sales Revenue	Annual Sales Revenue
1. El Jardin Water Supply Corp.	366,180	\$ 988,686	3.97%
2. Brownsville I S D	216,341	768,937	3.08%
3. Brownsville Navigation District	182,173	436,519	1.75%
4. Texas Southmost College	76,321	249,166	1.00%
5. Cameron County	75,639	212,899	0.85%
6. University of Texas Rio Grande Valley	41,834	151,562	0.61%
7. Rich Products Corp.	47,820	130,410	0.52%
8. Valley Regional Medical Center	43,914	123,876	0.50%
9. Posada D L P LLC	38,580	103,925	0.42%
10. Valley Baptist Medical Center	35,065	102,122	0.41%
TOTAL	1,123,867	\$ 3,268,103	13.11%
Wastewater Services			
		Annual	Percent of
Customer Name	Consumption (1,000 Gallons)	Sales Revenue	Annual Sales Revenue
1. Brownsville I S D	153,415	\$ 671,359	2.97%
2. Cameron County	58,639	227,249	1.01%
3. Texas Southmost College	43,689	184,038	0.81%
4. Valley Regional Medical Center	35,831	137,582	0.61%
5. Valley Baptist Medical Center	34,158	132,993	0.59%
6. Rich Products Corp.	33,125	125,523	0.56%
7. University of Texas Rio Grande Valley	27,802	123,091	0.54%
8. Posada D L P LLC	29,947	94,661	0.42%
9. Brownsville TX East Price Big 22 LLC	21,939	83,765	0.37%
10. Trico Technologies Corp.	19,643	76,779	0.34%
TOTAL	458,188	\$ 1,857,042	8.22%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

		FY 2016	
Electric Services			
Customer Name	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	82,930,679	\$ 8,074,400	6.34%
2. Texas Southmost College	29,685,682	2,243,917	1.76%
3. Trico Technologies Corp.	26,339,400	1,987,780	1.56%
4. H E B Stores	18,545,047	1,499,772	1.18%
5. Amfels Inc.	10,550,400	1,174,572	0.92%
6. Rich Product Corp	14,882,400	1,155,770	0.91%
7. Valley Baptist Medical Center	14,595,274	1,152,813	0.90%
8. Stripes Stores	12,643,537	1,097,611	0.86%
9. Cameron County	12,530,913	1,097,204	0.86%
10. University of Texas at Brownsville	14,055,966	1,078,717	0.85%
TOTAL	236,759,298	\$ 20,562,556	16.14%
Water Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. El Jardin Water Supply Corp.	324,858	\$ 828,388	3.67%
2. Brownsville I S D	192,589	665,860	2.95%
3. Brownsville Navigation District	170,012	385,419	1.71%
4. Texas Southmost College	71,190	222,688	0.99%
5. Cameron County	71,303	190,391	0.84%
6. Rich Products Corp.	52,502	135,318	0.60%
7. University of Texas Rio Grande Valley	36,629	130,460	0.58%
8. Valley Baptist Medical Center	39,080	105,642	0.47%
9. Valley Regional Medical Center	37,229	100,320	0.44%
10. Trico Technologies Corp.	25,897	72,011	0.32%
TOTAL	1,021,289	\$ 2,836,497	12.57%
Wastewater Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	143,912	\$ 635,825	2.90%
2. Cameron County	56,619	219,711	1.00%
3. Texas Southmost College	35,284	152,573	0.70%
4. Valley Baptist Medical Center	38,162	147,839	0.67%
5. Rich Products Corp.	31,135	132,865	0.61%
6. Valley Regional Medical Center	30,399	117,158	0.53%
7. University of Texas Rio Grande Valley	25,232	113,631	0.52%
8. Trico Technologies Corp.	24,869	96,703	0.44%
9. Brownsville TX East Price Big 22 LLC	20,875	79,739	0.36%
10. Stripes Stores	17,793	73,838	0.34%
TOTAL	424,280	\$ 1,769,882	8.07%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

		FY 2015	
Electric Services			
Customer Name	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	79,800,779	\$ 8,228,510	6.26%
2. Texas Southmost College	28,612,106	2,341,473	1.78%
3. Trico Technologies Corp.	26,987,335	2,214,664	1.68%
4. Amfels Inc.	16,940,352	1,671,712	1.27%
5. H E B Stores	17,993,346	1,534,814	1.17%
6. Rich Product Corp	15,367,200	1,278,590	0.97%
7. Valley Baptist Medical Center	14,314,379	1,211,397	0.92%
8. University of Texas at Brownsville	14,053,305	1,206,786	0.92%
9. Cameron County	12,558,665	1,160,804	0.88%
10. Stripes Stores	12,390,231	1,158,672	0.88%
TOTAL	239,017,698	\$ 22,007,422	16.73%
Water Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. El Jardin Water Supply Corp.	308,395	\$ 755,567	3.61%
2. Brownsville I S D	183,543	618,630	2.95%
3. Brownsville Navigation District	154,754	337,321	1.61%
4. Texas Southmost College	85,917	249,331	1.19%
5. Cameron County	66,011	169,046	0.81%
6. Rich Products Corp.	47,415	117,453	0.56%
7. Valley Baptist Medical Center	35,889	94,196	0.45%
8. Valley Regional Medical Center	31,089	82,082	0.39%
9. Trico Technologies Corp.	23,245	62,580	0.30%
10. Stripes Stores	18,416	60,127	0.29%
TOTAL	954,674	\$ 2,546,333	12.16%
Wastewater Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	137,202	\$ 610,011	2.89%
2. Cameron County	56,252	217,681	1.03%
3. Rich Products Corp.	36,347	137,635	0.65%
4. Valley Baptist Medical Center	35,273	136,981	0.65%
5. Texas Southmost College	24,651	112,574	0.53%
6. Valley Regional Medical Center	25,962	100,475	0.48%
7. Trico Technologies Corp.	22,679	88,193	0.42%
8. Brownsville Housing Authority	17,780	72,258	0.34%
9. Brownsville TX East Price Big 22 LLC	18,300	70,084	0.33%
10. Stripes Stores	16,079	69,692	0.33%
TOTAL	390,525	\$ 1,615,584	7.65%

Continued

OPERATING INFORMATION
CAPITAL ASSETS STATISTICS BY UTILITY
LAST TEN FISCAL YEARS

	FISCAL YEAR									
Electric	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Number of Power Plants	2	2	2	2	3	3	3	3	3	3
Vehicles	154	146	202	149	161	158	147	144	128	117
Transmission Miles	332	330	330	330	329	329	329	329	329	328
Distribution Miles	4,393	4,285	4,231	4,167	4,118	3,956	3,917	3,844	3,815	3,592
Poles	102,809	102,336	115,049	101,855	101,696	101,457	113,459	113,126	113,039	112,690
Transformers	36,366	36,096	37,272	35,730	35,529	35,236	35,106	34,924	34,792	34,843
Substations	15	15	15	15	15	14	14	14	14	17
Meters	64,901	63,902	73,965	60,818	59,654	58,299	57,219	54,970	55,992	59,939
Water										
Vehicles	116	110	131	100	104	98	96	96	92	98
Water Treatment Plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	2,904	2,902	2,902	2,892	2,884	2,881	2,878	2,873	2,866	2,863
Meters	74,155	73,115	79,366	71,483	72,244	71,384	70,742	70,134	74,031	72,737
Fire Hydrants	4,674	4,711	4,725	4,577	4,547	4,525	4,494	4,453	4,394	4,363
Wastewater										
Vehicles	137	131	152	126	130	126	120	98	91	84
Wastewater Treatment Plants	2	2	2	2	2	2	2	2	2	2
Lift Stations	177	177	177	177	177	178	178	173	174	183
Miles of wastewater mains	912	910	915	868	865	859	857	855	852	825
General										
Vehicles	87	83	103	79	79	74	69	68	68	66

COMPLIANCE SECTION

*Δ Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards*

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Public Utilities Board of the City of Brownsville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Public Utilities Board of the City of Brownsville, Texas as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise The Public Utilities Board of the City of Brownsville, Texas basic financial statements, and have issued our report thereon dated February 3, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Public Utilities Board of the City of Brownsville, Texas internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Public Utilities Board of the City of Brownsville, Texas internal control. Accordingly, we do not express an opinion on the effectiveness of the Public Utilities Board of the City of Brownsville, Texas internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Public Utilities Board of the City of Brownsville, Texas financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Burton, McCumber, & Longoria LLP

Brownsville, Texas
February 3, 2025